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WORLD NEWS

Royal party flies home with coffin

The Prince of Wales and other members of the Royal party landed at RAF Northolt yesterday on an aircraft of the Queen's Flight. It carried the body of Major Hugh Lindsay, killed in Thursday's avalanche in Klosters, Switzerland.

In an earlier statement the Prince said he wished to "dispel some of the wild rumours surrounding the accident". The party had been skiing off piste at their own risk. Major Lindsay and Mrs Patsie Palmer-Tomkinson, who broke both legs, had been swept away in a "whirling maelstrom". He, Mr Palmer-Tomkinson and their Swiss guide had managed with "great good fortune" to ski to one side.

The prince was criticised for skiing despite his friends on the hazardous Gotschnaweg slope. Swiss authorities said there had been clear warnings about avalanches.

US halts Panama cash

President Reagan ordered the suspension of monthly US payments for the Panama Canal and other financial actions in moves designed to oust General Manuel Antonio Noriega.

US to close PLO mission

UN Secretary-General Javier Perez de Cuellar reacted angrily to US plans to close the PLO's observer mission at the United Nations next week which he said violated the treaty permitting all accredited missions to operate.

Shamir snubs peace plan

Israeli Prime Minister Yitzhak Shamir rejected the US Middle East peace plan. Page 2

B&E to cut 3,000 jobs

British Aerospace said it would shed almost 3,000 jobs over the next three years. Back Page

Iran cities war over

Iran said its war of the cities with Iraq was over after Baghdad ended missile attacks. Page 2

Sri Lankan bus attacked

Masked gunmen attacked a bus near Anuradhapura, northern Sri Lanka, killing at least 13 passengers, mostly minority Tamils.

Editor in court

The Editor of The Independent, Andreas Whittam Smith, appeared at the Old Bailey, over alleged possession of a secret document. Page 4

Helicopter crash kills two

Two British servicemen were killed when a helicopter from a Royal Navy ship on which the Duke of York serves, plunged into the sea off Portugal.

Anschlusz remembered

President Kurt Waldheim led Austria in a minute's silence to mark the 50th anniversary of the country's annexation by Nazi Germany. Back Page

Vietnamese premier dies

Vietnamese Prime Minister Pham Hung Chi, died of heart failure in Ho Chi Minh City. Page 2

Runcie attacks postmark

The Post Office refused to withdraw its "Jesus is Alive" postmark despite criticism by the Archbishop of Canterbury that it is insensitive.

BUSINESS SUMMARY

Revised deficit figures down by £800m

BRITAIN'S trade deficit last year was £800m less than previously thought. Revised figures issued yesterday show a current account shortfall of £1.7bn compared with £2.5bn estimated only two weeks ago and cited this week by the Prime Minister in the Commons. Back Page

FT ORDINARY INDEX ended the week 28.8 lower at 1,449.9

The FT Ordinary Index ended the week 28.8 points lower at 1,449.9 following a sharp decline in the London stock market turned down sharply. Investment caution ahead of Tuesday's UK Budget.

FT Index

Ordinary Share (hourly movements)

1440	1445	1450	1455	1460	1465	1470
1440	1445	1450	1455	1460	1465	1470

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TRUSTHOUSE FORTÉ, world's largest hotel group, is in takeover talks with Kennedy Brookes, fast-growing UK restaurant and hotel company. Back Page

BEAZER, UK housebuilding and aggregates company, seeking to buy Koppers of Pittsburgh, materials and chemicals group, for £1.3bn, said a lawsuit aimed at blocking the offer was "without merit". Page 6; Lex, Back Page

SKIDGWICK GROUP, biggest London insurance, broking group, surprised the industry by appointing its new chief executive, David Rowland, from outside the group. Page 4

TOYOTA (Great Britain) Inc, package Group subsidiary, agreed to import quota between Britain and Japan. Back Page

MOBIL OIL gave final approval for a £20m upgrading of its refinery at Coryton, Essex, in a bid to reduce the cost of producing lead-free petrol. Page 4

NORTHERN IRELAND Industry Minister, Peter Wiggert, announced annual marketing grants for companies, worth up to £50,000 each. Page 3

DR BEERS, South African diamond group, offered a drop in diamond account profits to £1.3bn (£331m) in 1987 from £1.38bn. Page 10

ROCKWOOD HOLDINGS, electronics, security and distribution services company, announced an almost seven-fold rise in profits to £1.04m. Page 6

DOBSON PARK Industries, mining equipment and industrial electronics group, bought more than 17 per cent of MS International, mechanical and electrical engineering company, after raising its cash offer to £53m. Page 8

T&N, UK engineering group, announced a 78 per cent rise in pre-tax profits to £77.3m. Page 8

BRASIL's industrial output fell 6.6 per cent in January, against the same month last year. Page 2

WHITBREAD, UK brewer and retailer, is buying St Gough Brothers off-licences from Seagram, Canadian-based drinks group. Page 8

Kuwait defies British Government by lifting BP stake above 20%

BY MAX WATKINSON AND RICHARD JOHNS

THE KUWAIT Investment Office yesterday increased its stake in British Petroleum to 21.25 per cent in defiance of the wishes of the British Government which sought to keep it at 20 per cent.

The stake, which KIO said yesterday it would not take its BP stake beyond 22.5 per cent.

The Kuwaitis have also refused to sell their stake to another company - perhaps a US corporation - which might want to take over BP. Senior KIO executives are saying they are free to operate within the rules of the international capital markets, and that if the British Government had wished to impose restrictions it should have done so at the time of the KIO's takeover rules. Under the City's takeover rules the KIO could buy 20 per cent of BP without being obliged to make a full takeover offer.

The company also voiced concern at the build-up of such a large holding by a Gulf oil state. Sir Peter Walters, BP chairman, raised the issue when the KIO stake reached 10 per cent. He said recently that his "discomfort level" would increase sharply if the KIO was to own more than 20 per cent. This view was strongly endorsed by ministers.

However, the KIO refused to give an undertaking that it would stop buying BP, which it said was a good long-term investment. Its heavy purchases of BP shares yesterday was intended to show that it would not be subjected to any special restraints ministers might wish to impose, other than the generally accepted conventions of a major international stock market.

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takeover of BP would be unlikely at present, but that it would certainly consider selling at the right price. This has been one of BP's fears.

The office confirmed yesterday it had no immediate plans to seek representation on BP's board. The Kuwaitis appear to be satisfied with the quality of BP management.

The Office of Fair Trading is looking into the Kuwaiti purchases as part of its normal monitoring of large market movements. It is expected to tell the Government soon if a reference should be made to the Monopolies and Mergers Commission. However, the view in the market is that it would be difficult to sustain a case that the KIO has obtained a monopoly or unfair stake.

In informal contacts with BP the KIO has sought to reassure the company about its intentions. The Kuwaitis acknowledge there could be "long-term synergy" between the development of BP and the Kuwaiti Government's plans to expand its refining and marketing operations worldwide. At the same time they recognise it would not be appropriate to try to enforce any such policies through a 20 per cent stake. Mohit to upgrade refinery, Page 4; Lex, Back Page

McFarlane in Contra affair court bargain

BY LIONEL BARBER IN WASHINGTON

MR ROBERT McFarlane, President Ronald Reagan's former national security adviser, has struck a plea bargain with the independent prosecutor investigating the Iran-Contra arms-for-hostages affair.

As a result he is expected to cooperate fully with the prosecutor's criminal inquiry.

He pleaded guilty yesterday in a Federal Court to four counts of withholding information from the US Congress on the secret US sale of weapons to Iran in return for American hostages to Lebanon and the subsequent diversion of profits to the Contra rebels in Nicaragua.

Mr McFarlane's decision to cooperate is expected to strengthen the case for criminal charges against former senior Reagan Administration officials implicated in the scandal, including Vice-Admiral John Poindexter, President Ronald Reagan's former National Security Adviser, and Marine Lt Col Oliver North, a member of the National Security Council's staff.

The Iran-Contra scandal damaged President Reagan's popularity and has led to still unresolved questions about Vice-President George Bush's role in the affair. The timing of yesterday's disclosures about Mr McFarlane is a blow to Mr Bush, whose high-riding campaign for the Republican presidential nomination appeared to have just begun to escape the

scandal's tentacles.

Senator Robert Dole of Kansas, who has made the Vice-President's role in the scandal a focus of his presidential campaign, is likely to revive the issue in an effort to breathe new life into his faltering efforts.

Mr McFarlane's deal with the special prosecutor, Mr Lawrence Walsh, means that a 14-month criminal investigation is nearing a climax. For some months, Mr Walsh has been seeking sufficient evidence to charge Mr Poindexter, Lt Col North and others involved in the scandal.

Mr McFarlane, who was President Reagan's national security adviser between 1983 and 1985, tried to commit suicide last year just before he was summoned to give evidence to the joint congressional panel investigating the scandal. In May, unlike other witnesses, he testified without immunity to the House and Senate committees, laying himself open to future criminal charges.

During his appearance last year, Mr McFarlane conceded that he had been less than frank in his dealings with congressional committees investigating in 1985 whether the White House was trying to skirt a congressional ban on US military aid to the Contras. He said his written denials about the activities of the National Security Council staff - and Lt Col North in particular - were "too categorical."

Sterling continues rise as markets await policy lead

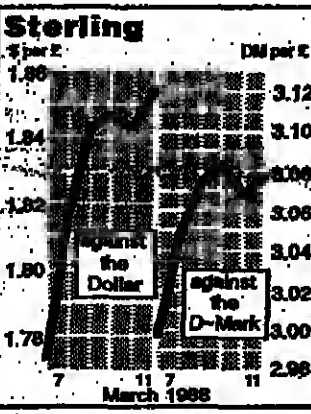
BY SIMON HOLBERTON

THE POUND continued its week-long upward climb on foreign exchange markets yesterday as financial markets remained confused over UK government policy and waited for a lead from next Tuesday's Budget.

Sterling's advance during the week, which left the currency at its highest level for two years, also unsettled the dollar, which exposed strains within the exchange rate mechanism of the European Monetary System and led to speculation that a realignment of key EMS currencies might be needed.

On Monday, the Government allowed the pound to rise above its unofficial ceiling of DM3. The previous Friday, the Bank of England had told Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, the Chancellor, that it could not continue to resist a rise without massive intervention.

When the Bank took the "cap" off sterling, it surged. Over the week the pound's trade-weighted value rose by 3.5 per cent, including a rise against the dollar and



since Monday. This has not been caused by the apparently conflicting statements made by the Prime Minister and the Chancellor in the Commons during the week.

The Treasury's line is that markets are seeing a rift between the Prime Minister and the Chancellor where none exists. The Government's policy remains the stabilisation of exchange rates.

Sterling's swift rise during the week not only caused the Confederation of British Industry to issue a strong warning to the Government over its change in policy but was a painful reminder to British industry about the costs of foreign exchange market volatility.

Currency traders said the pound's increase caused the cost of D-Mark currency options to rise sharply over the week.

Continued on Back Page

Dole makes last stand in US presidential campaign

BY LIONEL BARBER IN WASHINGTON

SENATOR ROBERT DOLE of Kansas, rocked by rumours of his imminent withdrawal from the race for the Republican presidential candidacy, is making a last stand in the Midwest industrial state of Illinois.

Advisers have been urging him to "avoid" further humiliating defeat at the hands of Vice-President George Bush but Mr Dole is apparently pinning his hopes on a surprise win in the Illinois primary on Tuesday to turn his campaign round.

"I am running for President," he told Illinois farm leaders after campaign staff issued a denial that he was pulling out of the race.

Speculation swept Washington and Chicago on Thursday after the Dole campaign cancelled \$500,000 (\$270,000) of television advertising in Illinois and cut the number of staff workers by 50 per

cent to save money. There were also reports that Mr Dole was planning a half-hour broadcast in Illinois on Monday night.

The staff cuts followed Mr Bush's overwhelming victory in the primary elections this week, winning 16 out of 17 contests to give him two-thirds of the 1,139 delegates needed to win the Republican nomination.

Mr Dole, whose recovery from war-wounds makes him nothing if not a fighter, elected to stay in the race although the rumours and counter-rumours highlight the disorganisation that has dogged his campaign.

The Kansas senator was boosted yesterday by an endorsement from the respected and influential Chicago Tribune. An ABC television poll on Thursday, however, favoured Mr Bush by 68-31.

Continued on Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.6613
FFr 5.547
SFr 1.5715
Y127.38

London:
DM 1.661 (1.665)
FFr 5.5475 (5.5675)
SFr 1.5715 (1.579)

Dollar index 98.3 (98.5)
Tokyo close Y127.80

STERLING

New York lunchtime \$1.893
London: £1.883 (1.8489)
DM 3.0776 (3.0675)
FFr 10.485 (10.4435)
SFr 2.5425 (2.54)

Starting index 714 (717.1)

LONDON MONEY

3-month Interbank closing rate 8H (same)

NORTH SEA OIL

Brent 15-day March (Argus) \$14.80 (14.475)

STOCK INDICES

FT Ord 1,449.9 (-22.6)
FT-A 11,581.90 (-1.14%)
FT-SE 100 1,811.6 (-23.9)
FT-A long gilt yield index: High coupon 9.11 (8.13)
New York: DJ Ind AV 2015.75 (-10.28)
Tokyo: Nikkei 25,543.73 (-74.09)

US LUNCHTIME RATES

Fed Funds 6.25
3-month Treasury Bill: yield: 5.87%
Long Bond: 10.4% yield: 8.49%

GOLD

New York: Comex April latest \$442.5
London: \$441.0 (442.0)

Chief price changes yesterday: Back Page

Austria Sch22	Bahamas Gnd.650	Bermuda \$1.50	Belgium BF.98	Canada Cdn.100	Ceylon C10.75	Denmark Dkr.4.00	East E2.25	Finland Fmk.7.00	France FFr.50	Germany DM.2.00	Greece Dr.100	Hong Kong HK\$12	India Rupee.100	Indonesia Rp.1,000	Israel NIS.50	Italy Lit.1,000	Japan Yen.100	Jordan Jds.100	Kuwait Kd.100	Lebanon L.L.100	Luxembourg FFr.100	Malaysia Ring.1.00	Mexico Pcs.20	Norway Nkr.100	Netherlands Gld.100	Norway Nkr.100	Philippines Pcs.20	Portugal Esc.100	S. Arabia Rial.100	Singapore S\$1.00	Spain Ptas.100	Sri Lanka Rs.100	Sweden Sfr.100	Switzerland Sfr.100	Taiwan NT\$100	Thailand Bht.100	Tunisia Dhd.100	USA \$1.00	UK £1.00	Yemen YR.100
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Honda urges Young to keep Rover from other car makers

BY IAN ROOGER IN TOKYO

HONDA MOTOR, the Japanese automotive group which is playing a vital role in Rover's model-development programme, has told the UK Government that it would not like the state-owned motor group to be sold to another car manufacturer.

Rover, which on Thursday reported an operating profit for only the second time in a decade, is negotiating with British Aerospace, which wants to buy it.

However, some leading European vehicle producers are reviewing their options in the light of the BAE initiative. The Government, which would have the final say on a deal because of Rover's heavy indebtedness to it, has given the two until the end of next month to agree.

Lord Young, Trade and Industry Secretary, in Japan on a trade mission with a group of British industrialists including Mr Graham Day, Rover's chairman, and Professor Roland Smith, BAE's

chairman, met Mr Tadashi Kume, president of Honda Motor, yesterday. Honda has had important engineering and manufacturing agreements with Rover for the past 10 years.

At the meeting Mr Kume "made clear that he would be concerned if the bidder had been a car manufacturer," Lord Young said.

Mr Kume had not, however, sought assurances that the Government would not allow Rover to be sold to another car company if the BAE deal fell through. Nor had any such assurances been offered, Lord Young said.

He told Mr Kume that the UK Government retained a golden share in BAE "and so I thought that it was a suitable home for Rover."

He said Mr Kume was concerned about continuity of management at Rover if the BAE takeover went ahead, and assur-

ances on that were given by both Prof Smith and Mr Day.

There had been no discussion about Honda's taking a stake in Rover but, Lord Young said, there was no reason why the Japanese group could not negotiate for an interest even if Rover became a BAE subsidiary.

Honda officials said after the meeting that they did not expect any change in the relationship with Rover. "We think we can continue even if Rover is acquired by British Aerospace," the company said.

Prof Smith said yesterday that it was too early to think of any direct co-operation between Honda and BAE. He was confident that the talks with Rover would be successful. "I would be very surprised if on May 1 we did not own the Rover Group. Very surprised."

Toyota importer admits to going over quota; BAE plans job cuts, Back Page

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WEEKEND FT



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David White profiles the village of Brevincasim, which has paid a high price for social, political, moral and financial change
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OVERSEAS NEWS

China arrests top Tibetan holy man for 'subversion'

BY ROBERT THOMSON IN PEKING

CHINA has arrested a senior Tibetan religious official for alleged counter-revolutionary activities.

The arrested man, Yuluo Dawaciren, is believed by Tibetan Buddhists to be a "living Buddha" or re-incarnated holy man.

Yuluo, who is also a director of the Lhasa Buddhist association, has been accused of attempting to "overthrow the dictatorship of the proletariat and the socialist system" by organising pro-independence protests.

The Government clearly intends to make an example of the 59-year-old leader, who was imprisoned "for criminal activities" during the 1959 rebellion against Chinese rule. He was pardoned in 1979 and five years later elevated to high office by the Tibetan Government.

Reports from Qinghai, a far-western province neighbouring Tibet, suggest that Buddhist monks and civilians had protested in recent weeks against Chinese rule and against family planning policies. Up to 10 pro-

testers are believed to have been detained. Foreign travellers also report that middle school students had boycotted classes.

The protests, partly reflecting Tibetan fears that the Government is attempting to reduce their numbers through family planning, has fuelled concerns in the Communist Party that dissent could spread to Tibetan areas in neighbouring provinces. The Chinese Government has redrawn Tibet's boundaries and there are strong Tibetan communities in Qinghai, Gansu, Yunnan and Sichuan in the south-west of the country.

No date has been given for the trial of Yuluo nor for that of two other Tibetans who have been accused of damaging public property during a protest in the Tibetan capital, Lhasa, last October, when the pro-independence demonstrations gathered momentum.

The Government released most of those arrested during the October protests in an attempt at conciliation, but Chinese officials

this week indicated that following another bloody protest last Saturday, dissenting Tibetans would no longer be treated leniently.

It is alleged that in July last year, Yuluo "spread reactionary speeches about Tibetan independence to foreign reactionary elements posing as tourists" and slandered Communist Party policy. In December he was detained by the public security bureau, the Chinese police.

Colina MacDougall adds: Sir Geoffrey Howe, the British Foreign Secretary, in informal talks yesterday with Wu Xueqian, China's foreign minister, made clear continuing parliamentary and public interest in events in Tibet. The Chinese foreign minister was aware of the level of concern, a foreign office spokesman said.

Lord Ennals, a former Labour minister, and chairman of the parliamentary group for Tibet, is to make a private visit to Tibet at the end of March.

Shamir rejects Shultz peace plan

By Andrew Whitely in Jerusalem

MR YITZHAK SHAMIR, the Israeli Prime Minister, yesterday issued a stinging rejection of the proposals from Mr George Shultz, the US Secretary of State, for peace in the Middle East.

He also trumpeted his defiance of the strong pressure to which he is expected to be subject in Washington next week. "The only word in the Shultz plan I accept is his signature," said the right-wing Likud leader. "The document does not serve the cause of peace or advance it by even one centimetre."

In interviews ahead of his departure on Sunday night for Washington, Mr Shamir blamed a split in attitude towards Israel by US Jews, and the Reagan Administration's alleged desire "to satisfy the Arabs", for a plan he denounced as being fraught with dangers for Israel.

The Shultz proposals call for the speedy convening of an international conference under UN auspices, followed by direct talks between Israel and its Arab neighbours, first on interim arrangements for the occupied Arab territories and then, in December, on their final status. Clearly implied in the US memorandum, leaked to the Israeli press, is an eventual Israeli withdrawal from at least part of the land captured in 1967.

After more than three months of unprecedented violence in the West Bank and Gaza Strip, claiming at least 91 Palestinian lives, Israelis remain profoundly split over whether to pull back from their present frontiers. An opinion poll published yesterday produced the surprising finding that while nearly 37 per cent reject the Shultz proposals, 46 per cent are in favour. But Mr Shamir insisted that he would not give in to pressure.

Evidence that the unrest is moving into a new and possibly more serious phase for the Israeli authorities, came with yesterday's resignation by 30 Arab MPs in the West Bank. They handed in their notice to the military-run Civil Administration just 24 hours after a clandestine leaflet from the underground leadership of the uprising called on the entire 1,000-strong force to resign.

The Hussein of Jordan late yesterday consulted President Hosni Mubarak of Egypt in Cairo as part of a continuing attempt to shore up a unified position among Arab front-line states in response to the Shultz initiative, writes Guy Wilentz in Cairo.

The Hussein monarch has conducted a busy round of diplomacy since his return to the region this week from an extended stay in Europe. Before coming to Cairo, he had visited Iraq, Kuwait and Syria



President Waldheim reviews a guard of honour yesterday before laying wreaths at Vienna's Heldenplatz to commemorate the 50th anniversary of the German annexation of Austria

Uneasy truce holds in exchange of missiles in Gulf 'cities war'

BY OUR MIDDLE EAST STAFF

AN UNEASY truce in the prolonged bout of missile exchanges in the Gulf war seemed last night to be holding after Iraq accepted the deadline set by Iran for a reciprocal cessation of hostilities against cities and towns.

Before it did so, however, Iraq submitted Tehran and other cities to the most concentrated barrage of the 11-day round in the so-called war of the cities, launching at least half a dozen Scud Bs in less than two hours during the night.

Iran said the vicious tit-for-tat bombardment against centres of civilian population had ended. Earlier Tehran said that it would terminate its attacks at 13.30 GMT if Iraq reciprocated.

Tehran Radio yesterday quoted a spokesman for the war information headquarters as saying that Tehran had never wanted to expand the conflict to include civilian populations.

At the same time he warned: "If the Iraqi regime starts the slightest mischief and attacks residential, non-military and economic areas, combatants of Islam will resolutely respond with all their might."

An Iraqi High Command communique, issued a few minutes after Baghdad had announced a ceasefire, called on Iran's leaders to adhere to the ceasefire or choose "the path of complete destruction".

The round of hostilities began on February 27 when Iraqi aircraft attacked an oil refinery on the outskirts of Tehran.

Thursday was spurred by Iran, which was apparently anxious that it should set the time for the ceasefire. Two missiles were fired at Baghdad three hours after the proposed deadline.

Iraq set down five conditions, one of which was that it should fire the last missile. Others were an end to "aggression" on Iraq's international border and any further strikes on civilian areas.

In a confused situation it was difficult to say which of the belligerents had preserved or lost more face. Both, however, seemed anxious that a ceasefire should hold after firing about 100 missiles at each other's territory, Iraq launched about 70 and Iran more than 50.

South African Foreign Minister Pik Botha is to meet Secretary of State for African Affairs, in Europe next week, Reuter reports from Johannesburg.

"I think Botha will have a strong message for Mr Crocker. I don't think this is necessarily going to be a reconciliation," said a South African foreign ministry official.

Angered by US trade sanctions, Pretoria has been critical of Washington over Angola. Mr Botha, who is now in Europe, said last month the US was becoming irrelevant in efforts to solve the civil war in Angola.

South Africa recently proposed a direct deal with Moscow to set up a neutral government in Angola.

Mr Crocker has strived for years to negotiate the withdrawal of an estimated 40,000 Cuban troops supporting Angola's pro-Soviet Government in a 12-year war against South African-backed rebels. Washington and Pretoria have made the Cuban troop withdrawal a precondition to implementation of a UN plan for the independence of Namibia (South West Africa).

Mary Helen Spenser in Santiago says Mr Botha's two-day trip to Chile comes a few days before the opening of the Chilean Air Force's international aeronautics fair, where the South African armaments company Armscor will unveil a new air-to-air missile.

His trip is the second to Chile by a South African cabinet minister in six months. Last October Finance Minister Barend du Plessis spent three days in Santiago, accompanied by the Finance Ministry's Director General, Chris Steinhilber, for a round of meetings.

Chile is one of South Africa's biggest arms customers in Latin America; and the private Chilean armaments company Cardoen imports South African fuses and other spare parts for the manufacture of cluster bombs which it sells to Iraq and other countries.

South Africa will have one of the biggest exhibits African armaments company Armscor will unveil a new air-to-air missile.

South Africa will have one of the biggest exhibits

Goria quits early over nuclear policy

By John Wyles in Rome

MR GIOVANNI GORIA, the Italian Prime Minister, handed in his resignation last night after a bitter split in the Government over nuclear policy.

The young Christian Democrat Prime Minister had been expected to stay in office until next Thursday so as to be able to fulfil a number of commitments, including a meeting with his Spanish counterpart, Mr Felipe Gonzalez.

However, he sparked a row with the Socialist Party by insisting late on Thursday evening that the Government should allow construction of a nuclear power station north of Rome to be resumed. This has been held up pending a decision on the future of Italian energy policy and Socialist ministers, who were opposed to such a decision, argued that it should be taken by a government in its dying days.

The Socialist Party yesterday called Mr Goria's move "unacceptable" and the opposition Communists, together with the Greens and the Radicals, demanded a parliamentary debate.

Mr Goria's decision to resign in the face of so much hostile reaction will be seen as an attempt to put on to the Socialists the blame for a political crisis which had been scheduled for next week because of dissensions within his own Christian Democratic Party.

It appears that the split between the Socialists and Christian Democrats will not be easily repaired and it may be some weeks before Italy's 49th post-war government can be sworn into office.

Soviet city in state of siege says witness

BY CHRISTOPHER BOBINSKI IN MOSCOW

SUMGAI, the Soviet Azerbaijani industrial city which was the scene of violent ethnic riots two weeks ago, was still in a state of siege on Wednesday, according to an eye witness who spoke to Western reporters yesterday.

Mr Andrei Shilkov, a member of an independent publishing group in Moscow who spent some hours in the city, said that it was being patrolled by soldiers in helmets and that tanks were out in strength in the streets. He said he saw 47 tanks in one square alone.

Feelings of hostility between Armenians and Azerbaijanis in the city were still running high and there were stories of atrocities, such as the disembowelling of pregnant women, committed against Armenians.

"The stories are terrible. It was a bloodbath, a real pogrom," said Mr Shilkov, a historian who was a political prisoner for three years earlier this decade.

"Armenians were sought out and indiscriminately killed," he said. Unofficial estimates of the death toll run to more than 10 times the figure of 82 given by the Soviet authorities. While the stories of atrocities cannot be independently checked it is certain that they are widespread in Soviet Armenia and are fueling nationalist feelings there.

The riots and demonstrations started last month after the Armenians living in Nagorno Karabakh, a district of Azerbai-

jan, demanded to be re-united with Armenia.

The Sumgait events were apparently sparked when the local media said that two Azerbaijanis had died in the Nagorno Karabakh area in the disturbances.

Armenians have said they will renew demonstrations in Yerevan on March 26 if the Soviet leader, Mr Mikhail Gorbachev, who has promised to examine their cause, fails to satisfy their demands.

An autonomous national steering committee of 100 people which organised the protest last month is considering whether to call for a three-day general strike, according to Mr Sergei Grigoryants, the publisher of the independent journal Glasnost, who returned to Moscow from Yerevan on Thursday.

Behind the scenes the communist authorities were making efforts to bring the committee, which has a 14-member president as well as representatives of outlying towns and villages on it, under official control, Mr Grigoryants said.

A group of US senators and academics, including Mr Alan Cranston, the Democratic deputy leader, and Mr Sam Nunn, chairman of the armed services committee, ended a five-day visit to Moscow yesterday. They talked for three hours with Mr Gorbachev as well as other officials and said the talks had helped to achieve more understanding.

Plea from Afghan mediator

By William Dufforce in Geneva

MR DIEGO CORDOVEZ, the UN mediator, yesterday asked the Pakistani and Afghan delegations negotiating the withdrawal of 115,000 Soviet troops from Afghanistan to return on Monday with "strengthened instructions".

Serious problems remained. Mr Cordovez acknowledged in unusually irritated responses to reporters' questions about the obstacles in which the talks have become mired during the last week.

If the Soviet forces are to start their disengagement on May 15, as proposed by Mr Mikhail Gorbachev, the withdrawal agreement should be completed in Geneva by Tuesday, to comply with the Soviet leader's offer.

Mr Cordovez's request that delegates refer to their governments reinforces other indications that the arena for decision has moved from Geneva to Washington, Moscow and the capitals of the two participants.

Asked on Thursday if he had been discussing with US officials compromises over the two main impediments to an accord, Mr Nikolai Kosyrev, the Soviet ambassador-at-large following the talks in Geneva, said contacts were being maintained through the embassies in Washington and Moscow.

US wholesale prices down 0.2% last month

US wholesale prices fell 0.2 per cent in February after rising 0.4 per cent in January, the Labor Department said yesterday, Agencies report.

The decline, which reflected lower costs for food and energy last month, confounded expectations of a 0.3 per cent increase and provided fresh assurance that inflation remained under control, economists said.

The Commerce Department said retail sales rose 0.8 per cent in January, in line with expectations. Car sales were particularly strong once again, rising 1.8 per cent after climbing 2.0 per cent in January.

The two reports portrayed an economy that has shrugged off the shock of October's stock market crash and is still expanding moderately without generating inflationary pressures.

Retail sales have risen in three of the four months since the collapse. Wholesale prices had fallen by 0.4 per cent in December, were unchanged in November and declined by 0.3 per cent in October.

Energy prices fell 0.8 per cent after slumping 4.5 per cent in January. It was the sixth consecutive monthly drop, with both gasoline and heating oil prices continuing to fall.

HK futures chief named

BY DAVID DODWELL IN HONG KONG

MR DOUGLAS FORD, president for the past 10 years of the Winnipeg Commodity Exchange, has been named chief executive of Hong Kong's troubled futures exchange, after a five-month search. He will take up the post on June 13.

Contested in Winnipeg yesterday, Mr Ford seemed well aware of the crisis the Hong Kong futures exchange was plunged into when the world's stock markets collapsed on October 19 last year. The exchange's guaranteed corporation then found itself with outstanding liabilities in Hong Kong index futures contracts of about HK\$1.8bn (£125m).

More reforms are likely to be proposed in a wide-ranging study of the shortcomings of the securities industry.

Mr Ford, who is 45, was professor of agricultural economics at the University of Manitoba before moving to head the Winnipeg exchange. He has also worked for ICI in Canada.

At present, the Hong Kong exchange rarely records more than 1,000 contracts traded in a day - compared with about 4,000 to break even, and 40,000 in the halcyon days of last summer - when for a brief period, the volume of trade in Hong Kong index futures was the heaviest in any futures contract worldwide.

Academics have said that the low voter turnout does not mean that Hong Kong people are unready for direct elections to the legislative council as has been argued.

Blow for democratic hopes

BY DAVID DODWELL

CAMPAIGNERS for faster democratic reform in Hong Kong were licking their wounds yesterday after results of the newly-created grassroots political bodies have been seen as a training ground for the territory's young political hopefuls. They were also a springboard to the legislative council, which under 1985 reforms gave 10 seats to district board members.

But a white paper on political reform unveiled a few weeks ago not only deflated the introduction of direct elections to the legislative council until 1991, but concluded that when directly-elected seats are first introduced, they will be at the expense of the seats now reserved for district board members.

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Taiwan to allow imports from mainland China

By Robert King in Taipei

TAIWAN is to allow imports of a wide range of Chinese goods, Prime Minister Mr Yu Kuo-hua said yesterday.

"In what amounts to official recognition of what has been going on for some time, Mr Yu said imports would be permitted except agricultural products produced in Taiwan and light industrial goods.

While some see this as a reversal of Taiwan's 40-year policy of having nothing to do with the Peking regime, the decision is in line with other recent changes.

In addition to easing tensions between the two sides, imports of Chinese raw materials and products such as cotton could help reduce costs for Taiwanese manufacturers.

Officially, Taiwan maintains its policy of no contacts, negotiations, or compromise with Peking, unofficially, however, the predominant view is that increased personal contacts could help narrow the gap between the two sides.

Last year, Taiwan imported HK\$2.3 bn of goods from China through Hong Kong, a 101 per cent increase over 1986. Total indirect trade was 1982m, according to the Hong Kong bureau of census and statistics.

Brazil output falls for seventh month

BY IVO DAWNYN IN BRASILIA

EVIDENCE that Brazil is threatened with a deep recession came yesterday with the publication of official industrial output figures showing an 8.5 per cent fall in January against the same month last year.

The decline, though less than one percentage point down on December, is the seventh consecutive fall since June last year and the largest year-on-year downturn since 1983, the year when the foreign debt crisis first hit.

Although the extent of the setback is mitigated by a strong performance in January 1987, when price controls were lifted in Brazil, the downward trend is expected to continue for at least another three months, officials said.

The worst-hit sectors included plastics, down 23 per cent, clothes and pharmaceuticals (down 17 per cent), electrical and communications equipment (15 per cent) and textiles (11 per cent).

The gloomy outlook comes on top of reports of falls of up to 40 per cent in sales for some consumer retail sectors.

In addition, there is growing concern among businessmen at labour clashes in the new consti-

Norway wages bill

Norway's minority Labour Government, which imposed a temporary freeze on wages last month, yesterday proposed legislation that would keep pay rises below 5 per cent, or in some cases much less, over the next year, writes Karen Fosell in Oslo.

The measure, described as the toughest since a wage and price freeze package 10 years ago, is aimed at cutting inflation, around 7 per cent, and reviving an economy hit by plunging oil prices.

Yesterday some 350,000 trade unionists staged a two-hour strike in protest.

Opponents of the measures say the result will be a surge in business costs just at the time savings and cuts need to be made.

Senior Albano Franco, head of the National Confederation of Industry, said in a television interview yesterday that the new provisions could add more than 50 per cent to outgoings for many basic industries.

"My concern is that we will have to pass on these costs and that means the cost could provoke hyperinflation," he told interviewers.

The business community is also dissatisfied with decisions taken this week by the Interministerial Council on Prices to reduce federal government price controls.

Several industrial leaders have described the new policy, which maintains controls in many areas, as disappointing and inadequate.

Danish deficit down

The deficit on Denmark's balance of payments on current account fell last year from Kr34.6bn (£2,960m), about 5.2 per cent of the gross domestic product, to Kr20.1bn, writes Hilary Barnes in Copenhagen.

The improvement was due to the visible trade balance moving from a deficit of Kr5.5bn to a surplus of Kr5.5bn.

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Subarto sworn in

Indonesia's President Suharto will sworn in for a fifth term yesterday.

The 66-year-old Mr Subarto in his inaugural speech to the 1,000-member National Assembly pledged to serve out the full five years of his term.

Vietnamese premier Pham Hung dies

BY OUR FOREIGN STAFF

PHAM HUNG, Prime Minister of Vietnam, has died of heart failure after only nine months in the job. He was 75 and died on Thursday after being in apparently poor health for some time.

His death is an important loss to the reformers in Hanoi because he was an important bridge between them and the old guard of revolutionaries whose policies took Vietnam to the brink of economic collapse once the Vietnam war against the US was over. He replaced Pham Van Dong, 81, who stepped down after 32 years as Premier when the reformers took over.

Pham Hung began by fighting French rule in Indochina and then became a prominent leader in the Vietcong's war against Sa-

gon and the US. He was the only southerner to rise to the heights of Vietnam's traditionally northern-dominated government.

During the war years he headed the Central Office, South Vietnam (COSVN), working closely with Nguyen Van Linh, the former COSVN propaganda chief who became secretary-general of the party, the most important leader in Vietnam, in December, 1986.

Diplomats said Hung's often low profile belied his influence during his years as Interior Minister, boss of Vietnam's huge internal security apparatus of nearly a million police.

Many observers believe that since the end of the war in 1975 Vietnam's biggest achievement was to establish security in the formerly capitalist South. They argue that only southerners like Hung or his successor, Mai Chi Tho, would have the experience and network of southern contacts necessary for control there.

He had narrowly escaped death in 1931 when the French colonial authorities arrested and sentenced him to death but later commuted this to life imprisonment with hard labour and exiled him to Phuoc Con Son, Vietnam's equivalent of Devil's Island.

He was not freed until the uprising in August 1945 that wrestled power in the North from the Japanese and Vichy French government.



Pham Hung: loss to reformers

NOTICE OF PUBLIC AUCTION. STATEMENTS BY VENDORS. Due to existing political situations in Iran and South Africa and due to the long standing position of this international partnership with interests in the U.K., USA, Iran, South Africa and other African countries, we have taken the major decision to sell out all invoices inventory on or before March 1988 of Iranian origin. MAJOR PUBLIC AUCTION TO SELL OFF INVENTORY - THUS CLOSING EXISTING TRADE LINK IRANIAN AND PERSIAN CARPETS INVOICED STOCK WILL BE CLEARED AT MINIMAL OR NO RESERVE AT OUR PULHAM SALEROOM. A. WELLESLEY BRISCOE & PARTNERS LTD., BOXBY PLACE, OFF SENGRAVE RD, LONDON SW16. PHONE 01-831 8555 FAX 01-831 4260. ON SUNDAY MARCH 13TH AT 3.30 PM. VIEWING FROM 2 PM. The longest established most respected Iranian carpet business in South Africa (an important Iranian carpet buying co) will be making an announcement in the South African press shortly. Terms of Payment: cheque, cash and all major credit cards.

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OVERSEAS NEWS

Victim's silence fuels race row in abduction riddle

ON THE night of November 24 last year a 15-year-old black girl, Tawana Brawley, stepped off a bus at a petrol station on the outskirts of Wappingers Falls, a beaten-up old mill and bleach-works town on the Hudson River from New York City.

The bus driver says she was wearing blue jeans and carrying books: an ordinary high school girl heading home in the cold. At 8.45 pm, she passed out of his sight, headed into the bright strip of stores, offices and fast-food restaurants at the intersection of Route 9 and a wooded lane called Myers Corners Road. In fact Tawana passed out of the world. Four days later, she was found, dazed and filthy, crawling into a plastic trash bag outside a block of flats where she once lived in the woods to the east of Route 9. Nobody except perhaps she knows what brought her to this condition and three months later the mystery is no nearer solution.

In three incoherent interviews with the police during which she only nodded, shook her head or wrote notes in answer to leading questions, she pieced together an appalling tale of sexual attack and humiliation by a group of white men, including a man she thought was a police officer. Since then, Tawana has said nothing to investigators and last week she was taken into hiding by her lawyers. Without a victim to testify, investigators say they cannot begin to make a criminal case.

In its place has flourished a political scandal which has poisoned already troubled race relations in New York City and provoked demonstrations and rallies in the Hudson valley. Tawana's lawyers, Mr Alton Maddox and Mr Vernon Mason, together with a radical Brooklyn minister, the Reverend Al Sharpton, say the Dutchess County police have obstructed the investigation. They have attacked the New York State Governor, Mr Mario Cuomo, for bias against blacks and kept Tawana from cooperating with the special prosecutor he appointed for the case, the state Attorney General, Mr Robert Abrams. The fiery Mr Sharpton compared Mr Abrams to Hitler.

The mudslinging has alienated some blacks and encouraged many whites in New York to doubt that there is any truth at all in Tawana's story. Mr Charles Hynes, special prosecutor in another racially controversial case at Howard Beach, said last week that Tawana's advocates "are permitting the rumours to seep out that maybe it didn't happen at all".

James Buchan reviews the case of a black girl who disappeared for four days in a town near New York

Tawana told the police she crossed the six lanes of Route 9 and turned down Myers Corners Road, which snakes through woods and scattered houses to her home a mile away. According to her fragmentary account, a dark vehicle pulled up and she was dragged into the back by a white man who wore a dark jacket, badge, and holster. She said she was then taken into woods where there were other white men.

Her case aroused anger and sympathy at first. The story received circumstantial backing when a part-time policeman called Harry Crist shot himself in Wappingers Falls four days after Tawana was found. Mr William Grady, the local district attorney, then added to the suspicions of a cover-up by withdrawing from the case on the grounds of conflict of interest. Eventually, Governor Cuomo took the case out of local hands.

Now new evidence has been published that undermines the story put out by Tawana and her advocates. In particular, there are strong signs she spent part of the lost four days in her family's old apartment at the Pavilion, the complex of flats in the woods east of Route 9. Investigation also showed that Tawana had quarrelled recently with her mother's companion, Mr Ralph King, who served time for the manslaughter of his former wife. And her family did not report her absence until after she was found.

Meanwhile, Tawana's lawyers and Mr Sharpton have come under fire from other black leaders for their political approach. Mr Roger Green, a Brooklyn Democrat who heads the black caucus in the state assembly, accused Mr Sharpton of "tactics that encourage race war". Mr Hynes, the prosecutor at Howard Beach, says that by refusing to co-operate the three are "depriving this kid of justice".

The tragedy is that something did happen to Tawana Brawley which was terrible and may never be known. As Governor Cuomo said on Tuesday: "It's now clear that she's not going to co-operate, period. No matter what you do."

UK NEWS

Ulster to increase grants for marketing

By Our Belfast Correspondent

MR PETER VIGGERS, Northern Ireland Industry Minister, yesterday announced a scheme enabling companies to qualify for annual marketing grants worth up to £30,000 each.

The scheme, backed by the Industrial Development Board for Northern Ireland, is called the 40/30 plan. It follows the board's 40/30 plan which has produced haulage worth £27m for Ulster companies since it began in September 1985.

Under the old plan companies could obtain 40 per cent grant up to a maximum of £30,000 in any year to help with any one of nine marketing activities.

To be eligible for the new grants, companies will have to submit a full plan with a complete analysis of their marketing needs.

The new scheme was announced by Mr Viggers during a visit to Ulster Weavers which has used the 40/30 plan to generate orders for linen worth more than £1m since early 1987.

Mr Tom Eakin, chief executive of the Linfield Group, which owns Ulster Weavers, said the company had used the scheme for market research in the West Indies and Latin America, resulting in orders of nearly £500,000.

Alice Rawsthorn on frustrations for designers aiming to cut a dash in world markets
Hard road for British leaders of fashion

LAST week it was Milan. Next week it will be Paris. But this week the international fashion circus has wended its way to London for the British designer collections.

The outlook for the dozen or so designers who will show their collections in London this week-end is far from encouraging. There is concern about the legacy of the stock market collapse, about its impact on the spending power of their customers, and the effect of the dollar's decline on American fashion buyers.

Most of the designers have responded to these problems by cutting costs and unringing new business from Europe and the Far East. But behind these immediate concerns lie the longer-term problems which plague British designers: inadequate funding, poor production and a weak rapport with the mainstream fashion industry.

The importance of this small band of British designers to the mainstream manufacturers lies in the export field. UK clothing manufacturers mustered overseas sales of £1.7bn last year. The designers' contribution was tiny. But Mr John Wilson, director of the British Clothing Industry Association, is convinced that they played a "crucial role" in attracting expert buyers.

The clothing industry composed of London's fashion designers is not only tiny compared with the mainstream industry in Britain, but also with its counterparts in other countries.



On show at Olympia: the John Flett autumn-winter collection

Eventually, he began his business with a loan from his parents and an investment from "a friend of a friend." Yesterday he staged his first catwalk collection. A parallel problem is finding suitable sources of production. The British clothing industry, or so the designers assert, is divided into two camps - the large manufacturers, with modern plants

Even established designers like Betty Jackson and Jasper Conran mustered turnover of less than £2m last year. Katharine Hamnett, who is probably the most successful in money terms, claimed retail sales of £20m. By contrast Ralph Lauren and Calvin Klein, the biggest of the Americans, saw their sales surpass £500m.

The secret of the success of the Americans - and the French and the Italians - lies in their ability to secure capital at an early stage and to their close liaison with mainstream manufacturers on production and licensing.

British designers have none of these advantages. Their disadvantages begin with money: or rather with the lack of it. In the US, the venture capital industry provides finance for young designers. In France and Italy they can turn to the giant textile groups for support. But the Britons have to fend for themselves.

One company, Aguecheek, has followed the French and Italian model by backing two emerging British designers, John Galliano and Alistair Blair. Aguecheek looks after their finances, offers help with production and pays for publicity. The designers draw salaries and take a percentage of profits.

But most young designers are less fortunate. The story of John Flett, who left college three years ago, is more typical. He did the rounds of the banks in an unsuccessful attempt to secure a loan.

stories of stropic suppliers, late deliveries and lousy quality. John Galliano says that in his early days, he had to "run round begging on bended knees to persuade people to supply me."

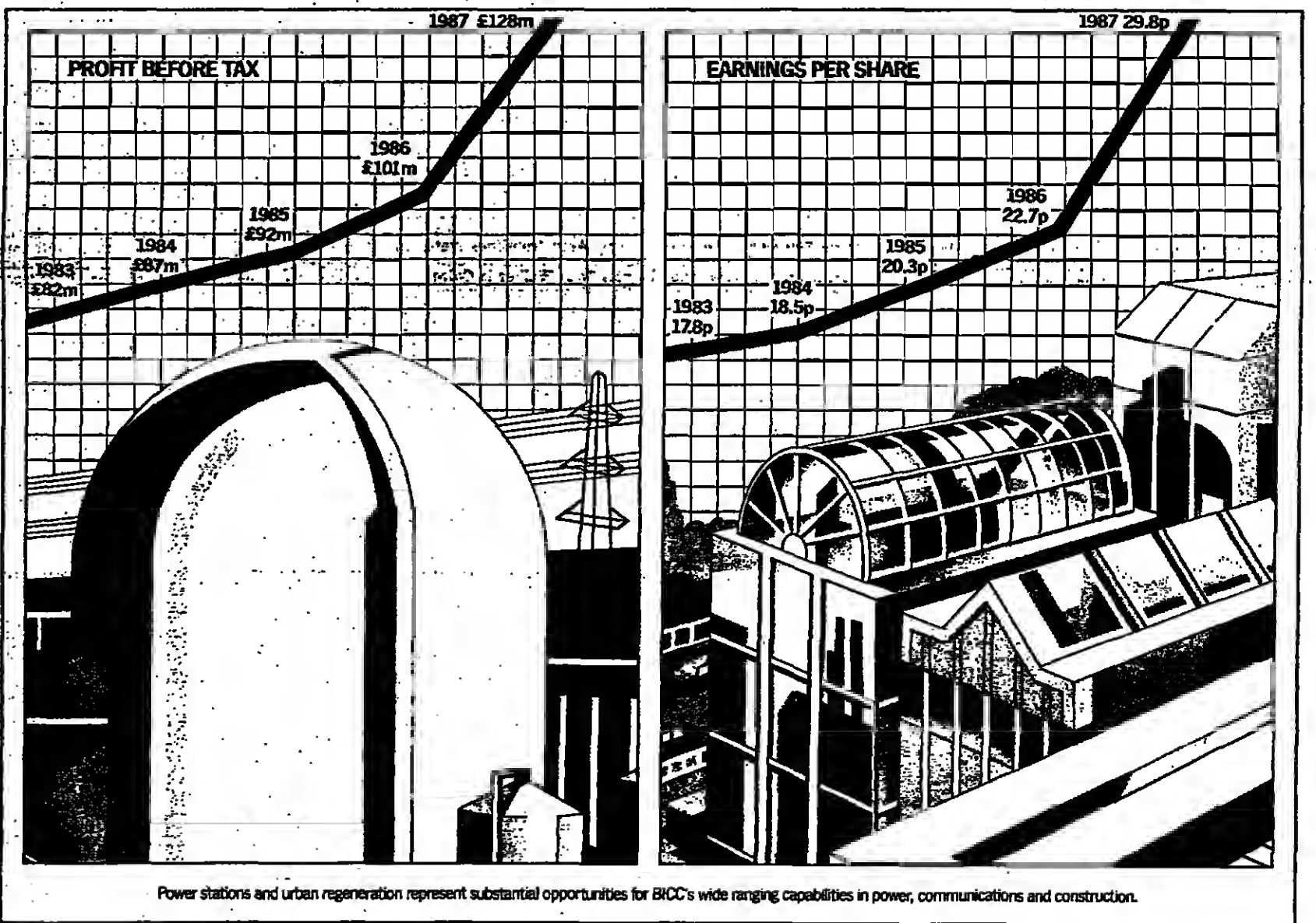
Some designers have responded by turning to overseas suppliers, chiefly to the Italians who have modern production plants, capable of dealing with small quantities, and a long tradition of craftsmanship. Jasper Conran and Betty Jackson now source half of their collections in Italy.

Similarly the mainstream British manufacturers have been reluctant to forge links with designers through licensing agreements. Such agreements, whereby designers lend their name and flair to products like perfume or lingerie made by a mass manufacturer, are established as a lucrative source of income - for designers and manufacturers alike - in France, Italy and the US.

In Britain there is very little licensing, although there has been some progress. Bruce Oldfield recently secured a series of agreements - with Pilkington for sunglasses and Courtaulds for ties.

But, by and large, the worlds of the manufacturer and the designer are as far apart as ever. Jasper Conran despairs of them ever coming together. Industry, he says, still persists in refusing to see designers as anything other than "a duff lot, with our heads in clouds of pink chiffon."

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UK NEWS

Mountleigh and P&O to put £400m into Leeds

By Ian Hamilton Fazey, Northern Correspondent

MOUNTLEIGH and Peninsula & Oriental each committed £200m over five years yesterday to joint ventures with the Leeds City Development Company...

Mr Tony Clegg, Mountleigh's chairman, said much of his company's money would go into large city projects and might include housing...

Mr George Mudge, Labour leader of Leeds City Council and chairman of LDC, said yesterday that money was needed to develop the land...

All three partners may jointly bid for the north's main Channel Tunnel rail freight terminal, to be built on council land near the junction of the M1 and M62 motorways.

WH Smith expands

WH SMITH, the retail and distribution group, is hoping to open 150 stores this year, to take the total number of shops across its six chains to nearly 1,100.

Sedgwick names Willis Faber deputy as chief

By ERIC SHORT

SEDGWICK GROUP, the biggest London insurance broking group, yesterday surprised the insurance industry by appointing its new chief executive, Mr David Rowland...

Mr Rowland is a vice chairman of Willis Faber, the second largest broker, which yesterday promoted Mr Roger Elliott, the other vice chairman, to the post of chairman and chief executive.

Speculation on changes at the top at Sedgwick has been gathering pace since the company announced poor results for 1987.

The group has been facing a series of problems both externally, because the insurance broking market is on the downward swing of the trading cycle, and internally, where it is the process of integrating acquisitions.

Mr Elliott aims to consolidate and expand the group's operations, particularly in Europe where he considers growth potential to be good.

North-east to make Sanyo microwaves

By IAN RODGER IN TOKYO

SANYO ELECTRIC is renovating and equipping two factories in north-east England to produce microwave ovens and crucial components for them.

The factories - in Cleveland and Newton Aycliffe, County Durham - will employ 250 people initially and produce 200,000 microwaves a year.

The project is of particular interest because of the company's decision to make magnetrons, the principal electron tube component in microwave ovens - in the UK.

Sanyo officials confirmed at a press conference in Tokyo yesterday that the decision to "make" magnetrons in the UK was influenced by last year's revisions of European Community anti-dumping regulations...

Without manufacturing magnetrons, the company would not have been able to raise local content in its microwave ovens to an acceptable standard with magnetron manufacture, local content will be 60 per cent at the outset.

The magnetron plant will employ only 25 people but will absorb 30 per cent of the overall investment in this project. Initially, the output of the plants will be sold mainly in the British market, replacing microwaves imported from a Sanyo plant in Singapore.

Sanyo officials said they hoped British production of microwave ovens would double within four years and production of magnetrons would rise by 60-70 per cent. The company already has one UK factory at Lowestoft, set up in 1981 to produce colour television sets.

Mobil to spend £62m on refinery upgrading

By Steven Butler

Mobil Oil has given final approval for a £62m upgrading of its refinery at Coryton, Essex, in an effort to bring down the cost of producing lead-free petrol of high quality.

The move is a key component of the group's plan to sharpen its retail marketing of petrol in Britain and reflects its anticipation of rising demand for lead-free fuel.

Mobil is buying sites for petrol stations and will combine the stations with shopping and hotel operations.

Mr Elliott said yesterday that the decision to upgrade the refinery was not linked to any hopes that tax on lead-free petrol would be cut further.

This change has been advocated by the Petrol Retailers Association and Petroleum Industry Association.

A tax differential in favour of lead-free petrol was introduced in last year's Budget, but sales still account for only a fraction of 1 per cent of the petrol market.

Nearly 800 stations throughout Britain offer lead-free petrol, although small sales mean that stations are losing money on it.

The Government is committed to the wider availability of lead-free petrol.

Mobil will install a continuous catalytic reformer (CCR) at Coryton. The CCR will replace two platinum reformers, and is expected to be in operation by the end of 1988.

Roger O'Neill, UK chairman of Mobil, said: "The CCR is the most efficient and cost-effective way of manufacturing high quality gasoline."

It will give us greater flexibility in responding to the demands of the market, as well as strengthening our position in the UK market.

Mr O'Neill was appointed chairman in November following his efforts as chairman and general manager of Mobil Oil International to improve the group's market share in Italy.

Mobil has 7 per cent of the British retail market for petrol, with about 800 stations. About a quarter of them offer lead-free petrol, and Mobil plans gradually to offer the product at all of its stations.

Securities rules proposed by SIB

By Stephen Fidler

THE SECURITIES AND INVESTMENTS BOARD, which oversees the securities markets, yesterday published proposals which would complete its rules on the capital requirements of securities firms.

The board has asked for comments on the proposals, which cover rules for wholesale market instruments, by the end of this month.

It hopes to incorporate the final proposals into its rulebook by the time the Financial Services Act takes effect, probably in late April.

Battle mounts over Maxwell books

By RAYMOND SNOODY

THE BATTLE of the Maxwell biographies intensified yesterday as a writ for libel was issued against Blackwell, the Oxford-based bookseller, and lawyers clashed over what was seen as a consistent pattern of pressure on booksellers.

Lawyers acting for Mr Robert Maxwell, publisher of Mirror Group Newspapers, said they were issuing a High Court writ for damages against Blackwell because of sales of two "unauthorised" biographies alleged to be libellous.

The books are Maxwell The Outsider by Tom Bower, published by Aurum Press, and Maxwell A Portrait of Power by Peter Thompson and Anthony Delano, published by Bantam Press.

A representative of Mr Maxwell said yesterday there had been no intention of trying to obtain an immediate injunction preventing Blackwell selling the two books.

An angry exchange of letters between lawyers acting for Aurum and Victor Mishon & Co, on behalf of Mr Maxwell, suggested the picture was less clear.

A letter from Mishon warned Blackwell that unless undertakings were given (on selling the books) by sign on Thursday "we shall apply to the court on Friday morning (March 11) for injunctive relief on our client's behalf."

Biddle & Co, acting for Aurum Press, said that this was "a wholly improper threat for Mr Maxwell to be making through you," given that an earlier application for an immediate injunction had been withdrawn.

Biddle & Co said Mr Maxwell's lawyers accepted that the wording of their letter had been "unfortunate."

Biddle & Co argues that there appears to be a consistent pattern of pressure on booksellers designed to suppress sales of Mr Bower's book.

Yesterday's legal flurries did nothing to change the mind of Blackwell, Mr Roger Cole, marketing director of B.H. Blackwell Retail, which runs 63 bookshops, said yesterday: "We intend to sell the books and to go on doing so."

The company saw the issue as a matter of principle. It would obey the law, but would not respond to threats and bullying.

Mr Cole said the two "unauthorised" books were selling briskly for a Friday in March with Mr Joe Haines's authorised version trailing.

Many booksellers were being cautious in the face of Mr Maxwell's allegations of 35 "principal libels" in the two books - eight of them in Mr Bower's book.

Aurum and Bantam have offered booksellers indemnities protecting them against damages sustained by selling the books.

However, W.H. Smith was holding its supplies of both books in its Swindon warehouses while lawyers studied the implications of the indemnity offer.

The Booksellers Association, representing 3,400 book sellers, was pointing out to members a section of the Defamation Act which said indemnities were lawful provided those accepting them did not have reason to believe at the time that defamations had taken place, or they had good reason to believe there was an adequate defence.

The association reported that its members were furious at what many saw as "bullying" and that some booksellers were saying they would remove all Macdonald titles from their shelves. The authorised biography is published by Macdonald, a Maxwell company.

The publishers facing Maxwell litigation were delighted at the unexpected publicity the affair had brought their books. Mr Paul Scherer, managing director of Transworld, the owner of Bantam, said yesterday: "We are delighted at the way the book is selling."



Robert Maxwell: angry exchange of lawyers' letters

ings were given (on selling the books) by sign on Thursday "we shall apply to the court on Friday morning (March 11) for injunctive relief on our client's behalf."

Biddle & Co, acting for Aurum Press, said that this was "a wholly improper threat for Mr Maxwell to be making through you," given that an earlier application for an immediate injunction had been withdrawn.

Biddle & Co said Mr Maxwell's lawyers accepted that the wording of their letter had been "unfortunate."

Biddle & Co argues that there appears to be a consistent pattern of pressure on booksellers designed to suppress sales of Mr Bower's book.

Yesterday's legal flurries did nothing to change the mind of Blackwell, Mr Roger Cole, marketing director of B.H. Blackwell Retail, which runs 63 bookshops, said yesterday: "We intend to sell the books and to go on doing so."

The company saw the issue as a matter of principle. It would obey the law, but would not respond to threats and bullying.

Mr Cole said the two "unauthorised" books were selling briskly for a Friday in March with Mr Joe Haines's authorised version trailing.

Many booksellers were being cautious in the face of Mr Maxwell's allegations of 35 "principal libels" in the two books - eight of them in Mr Bower's book.

Aurum and Bantam have offered booksellers indemnities protecting them against damages sustained by selling the books.

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Government delays bill to avoid Labour filibuster on benefits

By TOM LYNCH

GOVERNMENT business managers moved yesterday to prevent Labour using Tuesday's Budget to force a pro-benefits delay to the Social Security Bill which, among other things, tides up the framework for next month's changes in the benefits system.

The plan for Monday had been for MPs to complete the Commons stages of the Housing (Scotland) Bill followed, at about midnight, by a similar motion on the amendments made by the House of Lords to the Social Security Bill.

Mr Frank Dobson, shadow Leader of the House, told journalists at Westminster that some Labour MPs felt strongly about the benefit changes that they would have talked through the night, forcing the Government to adjourn debate before 11.30 pm on Tuesday.

Adjourning the bill would have obliged the Government to find time to complete it in the following week, less than two weeks before the April 1 date for implementing some of its provisions and producing difficulty for those drawing up and enforcing the necessary orders.

Mr John Wakeham, Leader of the House, told the Commons yesterday that Monday's business would begin with a "guilt-free" motion setting out a timetable for debate on the bill, while the Housing (Scotland) Bill would be postponed.

The original business was considered unacceptable to the Opposition and it was considered in the best interests of the Commons to allow the change, he said.

Backbench Conservatives said the change showed that Labour was "inset" and "out of control" and were joined by the Social and Liberal Democrats in condemning the loss of Scottish business.

However, Labour seemed pleased with delaying the Scottish bill and bringing the debate on benefits into what Mr Dobson called "reasonably reportable times".

The original amendment might timetable would have curtailed press coverage.

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Air fares to fall on Irish routes

By Michael Donnan, Aerospace Correspondent

CHEAPER FARES and greater freedom for airlines to fly in competition between the UK and the Irish Republic will result from an agreement signed in Dublin yesterday by the aviation ministers of the two countries.

It will enable more airlines to open new routes between the two countries and allow more airlines to compete on existing routes, while also allowing them greater freedom to set fares.

Although the agreement falls short of a totally "open skies" policy, it is the most liberal development yet in Anglo-Irish air transport relations, and as far as the UK is concerned the most liberal in Europe apart from the one with the Netherlands signed several years ago.

The agreement restricts the right to designate which airlines shall fly between them, subject to scrutiny of their financial, legal and operational fitness.

Lord Brabazon of Tara, UK Aviation Minister, said the deal "allows both governments to step back from the market and let it operate more effectively."

Mr John Wilson, Irish Minister for Tourism and Transport, said his government wanted to see a "significant increase" in tourists from Britain and Europe, "and to achieve this we need lower fares and greater frequencies of service. The memorandum is consistent with those objectives."

The most important elements of the package are: a "double disapproval" fares policy, whereby airlines can offer what fares they choose unless both countries disapprove.

"Open capacity" which means neither country will restrict the frequency, capacity or type of aircraft proposed by the designated airlines of the other country.

"Multiple designation" on major trunk routes which carry heavy traffic, so that each country can nominate as many airlines as it wishes between Dublin, Cork and Shannon, and London, Luton, Manchester and Birmingham, with "dual designation" (two airlines from each country) on other lesser routes.

"Open routes", allowing one designated airline from each country to operate from any point in one country to any point in the other.

There are also provisions for more liberal treatment of charter, cargo operations and "fifth freedom" operations, that is the right of airlines from each country to pick up passengers in the other and carry them on to destinations in third countries.

Bank to issue budget gilts

By Simon Holberton

THE BANK of England yesterday offered the gilt-edged securities market an opportunity to tell the Government what it thinks of Tuesday's Budget by announcing a tender of £200m of new gilt-edged securities on Wednesday morning.

The announcement of the tender buoyed the gilt market and prices for long-dated securities improved. Dealers said the Bank's offer was taken as a sign that the Budget could be good for the market.

The Bank is offering new stock, 8 1/2 per cent Treasury Stock 1994, of which £50 per £100 bid for is payable and the balance due on April 25. The Bank has set a minimum price of 237 which gives an indicative gross yield to redemption of 9 1/2 per cent.

Unlike many past issues of stock this is not free of tax for foreigners - a sign that in the current climate of currency uncertainty the Bank does not want to give an advantage to foreign buyers of sterling assets.

Editor in court over document

By ANDREW WHITAM SMITH

MR ANDREAS Whittam Smith, editor of The Independent newspaper, appeared before an Old Bailey judge yesterday over alleged possession of a secret document following publication of a story on European anti-terrorist plans.

Mr Whittam Smith said the document had been given notice that it was believed to have committed an offence under section two of the Official Secrets Act.

"We shall argue against that most strongly," he said. The newspaper was served with an order at 12.26pm yesterday to appear at 2pm. The hearing, before Mr Justice Owen, was held in chambers and adjourned until next week.

Papers served on The Independent described the general nature of the alleged offence as "possession of a secret document obtained in contravention of the Official Secrets Act."

An article by Ms Sarah Helm, the newspaper's home affairs correspondent, reported the move. It said the document was considered by the Trevi group, the European interior ministers dealing with terrorism.

The order sought the return of a document allegedly in the paper's possession, concerning a January meeting of the Trevi group in Brussels.

It instructed the newspaper not to "conceal, destroy, alter or dispose of the material to which the application relates, except with leave of the judge, or until the newspaper had complied with any order made as a result of the application."

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Extension of M66 will complete motorway ring

By IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE GOVERNMENT yesterday approved a £18m, 10-mile extension of the M66 through the eastern boroughs of Greater Manchester. It will complete an outer ring of motorways around the conurbation by the mid-1990s.

The new road will link the M62 near Middleton with the M63 at Stockport, passing through old, still-struggling industrial areas such as Oldham, Ashton-under-Lyne and Hyde. Work will begin by 1992.

The total length of the motorway ring will be about 40 miles. A further £140m is being spent widening and upgrading sections of the M62 and M63.

The new road is expected to boost the economy of eastern Greater Manchester. The economic benefits are likely to be felt throughout the north of England. The new route is likely to reduce journey times between Manchester Airport and Leeds to under an hour, as well as directly linking booming areas south of Manchester.

Manchester

Initial studies are understood to be taking place to find a new route into south Manchester from the M6, possibly by building a motorway directly northwards from Stone-on-Trent.

Manchester

Manchester

Manchester

Manchester

Manchester

Ulster loyalist paramilitary leader quits

By Our Belfast Correspondent

MR ANDY TYRRE stood down yesterday as leader of Northern Ireland's biggest Loyalist paramilitary organisation, the Ulster Defence Association.

Mr Tyrre, 48, from Dundonald on the outskirts of Belfast, became chairman of the UDA shortly after its formation in 1973. A successor is to be appointed next week.

The rank-and-file membership of the UDA is reported to have been dissatisfied with Mr Tyrre's leadership and earlier this week a dissident loyalist group claimed responsibility for planting a bomb under his car. Mr Tyrre said he was keeping an open mind on the question of responsibility but the IRA denied they were involved.

The UDA's statement yesterday said Mr Tyrre had stood down "by mutual consent."

Mr Tyrre is understood to have called the meeting himself to secure a vote of confidence, which was not forthcoming.

Manchester

Manchester

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Table with columns: High/Low, Company, Price, Change, % P/E. Includes companies like Anglo-Continental, BSB, etc.

Granville & Company Limited, 8 Lovat Lane, London EC3R 9BP. Telephone 01-621 1212. Member of FIMBRA.

Granville Davico Coleman Limited, 8 Lovat Lane, London EC3R 9BP. Telephone 01-621 1212. Member of the Stock Exchange.

NOTICE: Notice is hereby given that, as a result of the meeting of the board of directors of February 25, 1988, a dividend of 100,000 shares, reserved for Group purposes, will be issued at a price of 50p per share, as part of the authorized capital of the company. At this occasion, a prospectus is being published. It is available on request to the Public Relations Department of Petrofina, at 22 Rue de Valenciennes, 1040 Brussels (Belgium).

UK NEWS — EMPLOYMENT

King's Cross trains to run normally after union move

BY JIMMY BURNS, LABOUR STAFF

BRITISH RAIL expects trains to start from London's King's Cross station to be running normally on Monday after officials of the local branch of Aslef, the train drivers' union, decided to abide by a High Court order and withdrew instructions to members to strike.

Notices telling members to work normally were issued by the six Aslef officials who originally issued the call for a 24-hour strike in support of the health workers' day of action on Monday.

The decision by local train drivers' leaders to abide by the court order is a further boost for the Government's labour legislation, which makes difficult sympathetic industrial action by one group of employees in support of another.

National union leaders had been urging drivers at King's Cross to work normally. The drivers' move followed a branch meeting yesterday morning called by officials to test the mood of the membership.

Earlier, the 360 drivers at King's Cross were sent letters by BR's local management warning them they would be dismissed if they went ahead with a strike that threatened to disrupt the journeys of 15,000 commuters and 30,000 intercity passengers.

On Thursday, BR won a High Court order instructing the six named officials to withdraw their strike "forthwith" and to refrain from issuing any further strike calls while the injunction was in place.

An injunction was granted on the grounds that the branch did not have a primary trade dispute with the corporation, and that the threatened strike amounted to a "secondary action" as defined by employment legislation.

"Quite, the health workers' union, claimed that support was growing from its own members and other unions for its eve-of-budget day of action on Monday.

London Transport said yesterday that some London bus drivers were considering stopping for two hours on Monday in support of health workers although the action has not been called by their union.

Bristol dockers to strike on Monday

By Jimmy Burns

DOCKERS in the port of Bristol, Britain's largest municipal port, are to stage a half-day strike on Monday in what could be one of the biggest actions staged by a non-health union in support of the rolling programme of union protests over the health service.

Mr John Bees, regional chairman of TGWU transport union shop stewards representing the dockers, said yesterday: "My men are disgusted that the Government is contemplating tax cuts when the same amount of money should instead be pumped into the health service."

He said the decision was taken spontaneously in the port sector. They said privately that the proposed strike could be construed as secondary action and therefore unlawful.

Meanwhile, Mr Nicholas Pinner, director of the National Association of Port Employers, said: "We had thought that the days when dock workers would stop work in a day of action in support of other workers had finished."

Bristol Port Authority, a public entity controlled by the Labourist majority in the port sector, said yesterday that it had received notice in writing five days ago of the threatened strike from the local offices of the TGWU transport union.

It said last night it regretted any inconvenience to its customers which might be caused by the strike, which starts at midday. However, it is understood that as the main employer of the dockers, the authority will not be pursuing legal action similar to that taken by British Rail.

It is understood that one of the main reasons the Authority has decided not to pursue legal action is that it considers such a move would undermine a relatively good industrial relations record at the port.

APPOINTMENTS

Brent Walker managing director

THE BRENT WALKER GROUP has appointed Mr John Brackenbury as group managing director. He was managing director of All Weather Sports, of which he was a founder director, as well as being a founder director of its subsidiary Happy Eater. Prior to that he was for 15 years in senior management posts with International Distillers and Vintners. While Mr Brackenbury will be responsible for the day-to-day running of the company, Mr George Walker, chairman and chief executive, will remain responsible for the group's development and acquisitions.

ELLINGER HEATH WESTERN & CO., insurance brokers, has appointed Mr Nicholas J. Graham, Mr Larry P. Tucker and Mr Steven W. Taylor as partners.

Ms Kazia Kantor is to join DAVIDSON PEARCE as group finance director in succession to Mr Dennis Mady who retires at the end of March. On her appointment she will join the board of Davidson Pearce group. She joins from RIMV Group where she was finance director. She is a non-executive director of the British Railways board.

Mr John Cross has been appointed marketing director at MPTEL TELECOM. He was marketing manager at GEC Reliance.

Mr Dave Curtis has been appointed sales and marketing

director for PLATON INSTRUMENTATION, Basingstoke. He was divisional manager of the instrumentation division of Satt-Control (UK).

APPLIED ENERGY SYSTEMS has appointed Mr E.A. Wason as chief executive. He was director and general manager of HMI, an aircraft ground power division of Anglo Nordic.

Mr Michael Hoffman is to join the board of OOSWORTH ENGINEERING as a non-executive director. He is chief executive of Airship Industries and before that was chief executive of Babcock International.

ALEXANDER HOWDEN, wholesale insurance broking subsidiary



Mr John Brackenbury, group managing director, Brent Walker Group of Alexander Howden Group, has appointed the following to the board: Mr Ian R. Fleck, Mr John W. Hanna, and Mr Oliver C. Prior.

TGWU fails to gain members

BY PHILIP BASSETT, LABOUR EDITOR

MEMBERSHIP of the TGWU transport union has not increased as union officials had hoped. As a result, the union has still to record its first overall increase in membership since the Conservative Government took office.

Figures put this week before the quarterly meeting of the union's general executive council showed a lower than expected membership total.

TGWU officials had hoped that membership figures for the end of December would show the union's first increase since 1979 when, in common with other unions, TGWU membership started to decline sharply. Membership then stood at more than 2m.

The figures for the quarter to the end of December showed overall union membership standing at 1,345,712 - not an increase on the September figure of 1,354,811 but a further drop - this time of 6,000.

While this is lower than previous quarterly falls recently, it is still sizeable and considerably greater than the quarterly decrease of 2,317 in the quarter to the end of September.

Mr Ron Todd, TGWU general secretary, said in spite of the decrease, the figures to the end of December reflected considerable organising and recruitment work.

However, the lack of a quarterly increase is a blow to the union leadership's hopes for the success of its Link Up and other recruitment campaigns, especially among temporary and part-time workers.

It is also a setback for union leaders who have been arguing that the forecast slowing down in the membership decline indicates improving health in British unions.

IT 'still hampered by skills shortage'

BRITAIN'S potential in information technology is still hampered by a shortage of suitably qualified manpower, writes Alan Cane.

The UK is short of just more than 19,000 people with skills in information technology, according to a report published yesterday by the National Computing Centre.

Based on replies to questionnaires completed by more than 700 data processing executives and detailed discussions with British Aerospace, Ciba-Geigy, Littlewoods and Rolls-Royce, the report estimates there will be a requirement for a further 85,000 IT staff in the next two years and 51,100 in the next five years.

The authors, Mr Bernard Buckroyd and Mr Dominic Cornford, believe their figures underestimate the size of the shortage.

The report identifies a net loss of people with IT skills of about 5,400 a year, suggesting that the real demand is more likely to be between 80,000 and 101,000 in the next five years.

The report says the turnover of professional systems staff is running at an average of 16 per cent in the UK, varying from 28 per cent a year in London to 8 per cent in Northern Ireland.

The IT Skills Crisis - The Way Ahead, National Computing Centre, Oxford Road, Manchester M1 7ED, 545.

Philip Bassett on Ford's demand for the planned Dundee plant

Sharpening the TUC debate over single-union deals

JUST WHEN the TUC has finally framed proposals aimed at dealing with the long-running problem for Britain's unions of single-union agreements, its worst nightmare has suddenly materialised. It has to find solution not to a theoretical difficulty, over single unionism but to a particularly acute actual example - Ford's projected plant in Dundee - or see the plant in question whisked away to be sited elsewhere in Europe.

Ford of America message to the TUC is stark - resolve your inter-union differences over the Dundee plant or see a planned investment of \$40m cancelled.

This has sharpened the single-union debate. Employees setting up new plants in Britain want only one union. If they want a union at all. The TUC is recognising the force of this employer pressure: "Insofar as employers with 'traditional', multi-union bargaining arrangements perceive that they are at a competitive disadvantage in comparison with single-union or non-union competitors, these pressures on union organisation are likely to grow."

So says the draft first report of the TUC's special review body, which has been looking at the problems for unions of single-union and strike-free deals.

The report, to be considered by the review body next month, says that single-union deals are not always all bad. For unions, "in practice, there are advantages in recognising that it can often make organising sense to have the entire workforce of an industrial unit within one union and (perhaps) one bargaining group."

That may be so. The proposals before the review body for regulating single-unionism - in effect, running so-called beauty contests of unions competing with each other in front of the TUC rather than the employer - might, if agreed and implemented, make managing single-union deals easier for the unions.

But the TUC's view, and its new mechanism, are for the future. The Ford Dundee case will have to be dealt with under the TUC's current procedure, which is much less sophisticated.

Ford of America has agreed for its proposed Dundee electronics plant a single-union deal with the AEU engineering union in circumstances which have been questioned by many other unions such as the TGWU transport workers and the MSF general technical union.

These two unions are recognised at Ford UK's plants and argue that, in signing a single-union deal for Dundee, the AEU has breached the TUC's Bridlington principle which governs TUC inter-union relations in the UK.

Unions - all unions - have been signing single-union deals for years, but the issue came to a head when in 1984 the electricians signed a deal with the Japanese Hitachi company for its South Wales plant.

The following year, the annual TUC Congress stiffened considerably its Bridlington principle - striking its finger in the dyke of single-unionism and hoping that would be enough to stanch the flow.

Inevitably, it has not been - as the proposals for the review body show. Since the Bridlington change, virtually every single-union deal signed has been trouble.

Virtually every one has been completed out by the losing unions; virtually every one has had to go to the TUC for adjudication; virtually every complaint has been a long, drawn-out process, in some cases taking more than a year.

Ford of America is insisting that if the unions cannot reach agreement over Dundee within a month to six weeks, all bets are off. The company is in effect making clear privately to the TUC that any outcome other than a legitimisation of the AEU deal will also be unacceptable.

AEU officials are confident the TUC's disputes committee can seriously come to no other conclusion.

So the TUC is suddenly faced with the key factor which has lurked behind all its anguished deliberations on strike-free and single-union deals - employer push, about which it can do little but respond.

This is even more so if, as in this case, the employer holds all the cards in the shape of the inward investment and the jobs that go with it.

In theory, the TUC's position is clear. An internal policy paper on the Bridlington change in 1985, loftily acknowledged that the hardening-up could "lead to a defiance of an ultimatum by an employer that a single-union agreement is necessary to avoid a possible closure of a plant." Fine in theory, but the prospect of bidding farewell to 450 jobs in work-hungry Scotland may well be one which the TUC might in practice find hard to stomach.

De Beers Provisional Annual Financial Statements and Declaration of Dividend

The following are unaudited abridged consolidated financial statements for the year ended 31st December 1987 together with comparative figures for the year ended 31st December 1986.

CONSOLIDATED INCOME STATEMENT			CONSOLIDATED BALANCE SHEET		
	Year ended 31st December 1987	1986	Year ended 31st December 1987		1986
	R millions		R millions		
Diamond account (Note 2)	1 303	1 362	Equity share capital (Note 3)	19	18
Investment income	314	274	Non-distributable reserves	3 551	2 359
Other interest	190	76	Distributable reserves	6 100	5 885
Net surplus on realisation of fixed assets	1	1	Equity shareholders' funds	9 670	8 262
Net surplus on realisation of investments	3	1	Preference share capital	7	7
	1 751	1 714	Outside shareholders' interests in subsidiary companies	146	113
Deduct:			Long- and medium-term liabilities	477	527
Prospecting and research	155	115		10 300	8 909
General charges	16	10	Fixed assets:		
Interest payable	36	70	Claims, mining interests and property	267	280
Amount written off fixed assets and loans	10	4	Plant, permanent works and buildings	143	126
	217	199	Unlisted trade investments	340	330
Profit before tax	1 534	1 515	(Directors' valuation R2 957 million - 1986: R2 134 million)	750	736
Deduct:			Stores and materials	163	137
Tax (Note 2)	340	568	Diamond stocks (Note 5)	4 450	4 037
Mining leases consideration	34	67	Listed investments	4 659	3 007
	374	635	(Market value R7 887 million - 1986: R8 491 million)		
Profit after tax	1 160	880	Unlisted investments	248	227
Deduct:			(Directors' valuation R517 million - 1986: R508 million)	147	119
Profit attributable to outside shareholders in subsidiaries	123	116	Loans	9 817	8 263
Dividends on preference shares	2	2			
	125	118	Current assets:		
Attributable earnings	1 035	762	Cash	1 077	792
Share of retained profits after tax of associated companies	466	389	Other current assets	720	1 186
Equity accounted earnings	1 501	1 151		1 797	1 978
Add:			Less:		
Share of extraordinary profits/(losses) of associated companies	9	(51)	Current liabilities:		
	1 510	1 100	Tax	160	344
Deduct:			Dividends	315	217
Transfers to reserves including share of retained profits of associated companies	504	316	Creditors	794	715
Equity dividends - 110 cents per share (1986: 80 cents)	418	288	Bank borrowings	45	56
	922	604		1 314	1 332
Increase in unappropriated profit	588	496	Net current assets	483	646
Earnings per equity share before extraordinary items - cents (Note 3):				10 300	8 909
- excluding share of retained profits of associates	282	212			
- including share of retained profits of associates	410	320			

Notes and comments

- Diamond sales**
CSO sales in 1987 expressed in the currency of sale rose by US \$518 million, or 20 per cent, to a record US \$3 075 million. Expressed in rand at eight rates averaging \$0.4881 for the year (1986: \$0.4326), sales were a record R5 300 million (1986: R5 910 million). There was a ten per cent average increase in the price of diamonds sold by the CSO effective from the October 1987.
- The lower diamond account and reduced tax and mining lease consideration are the result *inter alia* of the higher rand/dollar exchange rates and also a higher ratio of sales of diamonds purchased to diamonds produced.
- Equity shares comprise the S ordinary and deferred shares in issue and the earnings per share in 1987 are calculated on the weighted average of 366 364 384 (1986: 359 789 042) equity shares in issue during the year.
- Attributable earnings excluding the share of retained profits of associates converted at the year end rate of \$0.5175 (1986: \$0.4576) amounted to \$536 million (1986: \$349 million). Including the share of retained profits of associates, earnings were \$777 million (1986: \$527 million).
- Diamond stocks at R4 450 million increased by R413 million during the year comprising a real increase in stocks of R869 million less an adjustment of R456 million attributable to the higher rand/dollar exchange rate as applied to opening stocks. Converted at the rates of exchange at the end of each year stocks were \$1 847 million in 1986 and \$2 303 million in 1987, an increase of \$456 million, which included the uncollected portion of the diamond stockpile acquired from De Beers Botswana Mining Company (Proprietary) Limited.
- Floods in the Northern Cape and the Orange Free State will have the effect of marginally reducing production this year from Finch and the Kimberley mines, and will result in some loss in the timetable for bringing the Koffiefontein mine back into full production. Because of savings previously achieved this loss will do no more than restate the original timetable for full production, namely early 1989.

DIVIDEND

On Friday, 11th March 1988, the directors of the Company declared the final dividend No. 136 on the S ordinary and deferred shares for the year ended 31st December 1987, as follows:

Amount (South African Currency)	82.5 cents
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, 25th March
Registers closed from to (inclusive)	Saturday, 26th March Friday, 8th April
Ex-dividend on Johannesburg stock exchange London stock exchange	Monday, 28th March Monday, 21st March
Currency conversion data for sterling payments to shareholders paid from London	Monday, 29th March
Dividend warrants posted	Monday, 9th May
Payment date of dividend	Tuesday, 10th May
Rate of non-resident shareholders' tax	6.818 per cent

The full conditions relating to the dividend may be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

By order of the board
J. OGILVIE THOMPSON } Directors
N.F. OPPENHEIMER }

11th March 1988

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (PO Box 61051 Marshalltown 2107)
Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL
De Beers Consolidated Mines Limited
Registration No. 11/00007/06
Incorporated in the Republic of South Africa

PAN-HOLDING SOCIETE ANONYME LUXEMBOURG

At its meeting of March 10, 1988, the Board of Directors finalised the accounts for the Financial Year 1987.

The accounts show a net profit of USD 57,231,884 including a net realised gain on sales of investments of USD 49,554,011.

The company's unconsolidated net asset value as of December 31, 1987, amounted to USD 289,698,926 equivalent to USD 413.86 per share, as compared to USD 362.34 as of December 31, 1986, i.e. an increase of 14.2% or 15.9% if the dividend of USD 6.25 is taken into account.

The company's consolidated net asset value as of December 31, 1987 amounted to USD 443.24 per share.

As of February 29, 1988, the unconsolidated net asset value amounted to USD 405.71 and the consolidated net asset value amounted to USD 434.33 per share.

The board decided to propose to the annual general meeting to be held on May 30, 1988, the distribution per share outstanding on June 30, 1988, of a dividend of USD 7.00 for the year 1987, against a dividend of USD 6.25 paid for the year 1986. The dividend of USD 7.00 is free of withholding tax in Luxembourg and would be payable as from July 1, 1988.

The board of directors also decided to convene an extraordinary shareholders' meeting on May 30, 1988 to propose a reorganisation of the capital and an amendment of several articles of incorporation, to bring them in line with the current legislation.

THE AGENDA FOR THE MEETING WILL INCLUDE:

- Reduction of capital from USD 35 million to USD 30.75 million by cancelling 85,000 shares of USD 50 par value. Pan-Holding will purchase these shares from its subsidiary Pan-Inter at their average cost price of USD 238.95 per share, calculated as of February 29, 1988.
- The board thinks this advisable as it will enable Pan-Holding to give a more accurate picture in its balance sheet of the situation resulting from the earlier purchases of these shares by its subsidiary. It is also advantageous for the shareholders as it will bring the unconsolidated net asset value closer to the consolidated one.
- Capital increase from USD 30.75 million to USD 61.5 million by raising the par value of each share from USD 50 to USD 100 through the incorporation to the capital of USD 30.75 million appropriated from the share premium reserve, and from the 'Provision of Contingencies'. This will put the capital more in proportion with assets of the company.
- The immediate raising of the 'legal reserve' from USD 3.5 million to USD 6.15 by appropriation from the 'Provision of Contingencies'. From this level, appropriations to this reserve will no longer be compulsory.
- After these various appropriations, the 'Provision for Contingencies' will still be USD 119,064,347 - to be compared with a capital of USD 61,500,000.
- Amendment of Articles 10, 21, 28, 31 and 37 of the articles of incorporation.

FINANCIAL TIMES

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Saturday March 12 1988

The return to fine-tuning

IT HAS LONG been believed that the gurus of the Thatcher Government are Friedrich Hayek and Milton Friedman, but both would agree that clear rules are needed not only to guide government but to inform the public of what guides government. Are there any rules governing British macro-economic policy?

It appears that it is not Friedman and Hayek who are the intellectual powers behind the ministerial throne, but Ralph Waldo Emerson. "A foolish consistency," he wrote, "is the hobgoblin of little minds, adored by little statesmen and philosophers and divines. With consistency a great soul has simply nothing to do." The Prime Minister is hardly a "little statesman" and the Chancellor of the Exchequer does not have a "little mind." So consistency can hardly be expected and in the last week it has not been shown.

In an interview with the Financial Times last autumn, Mr. Thatcher rejected too close a link with the D-Mark on the grounds that such a link would be deflationary. Yet she has now welcomed a deflationary appreciation against the D-Mark.

Long fight
The Chancellor has never committed himself to any specific exchange rate target, but he did sanction a long fight to keep the rate below DM3. Since what Government does is usually a better indication of its thinking than what it says, that effort was surely as revealing as mere words would have been.

Furthermore, what happened prior to the decision to uncap sterling could not have been a surprise. If one establishes a narrow band for a currency and yet maintains higher rates of interest than in the currency to which one is linked, a capital inflow is virtually certain to occur. What is the use of establishing the credibility of a policy when one is prepared to yield to the pressure inevitably created by success?

Instead of pointing out that the pressure was predictable, the Chancellor remarked that what is being shown is the confidence of the world in the British Government's management of the economy. If one were to replace the word "confidence" with "success", one could have precisely the apologia of Mr Donald Regan during the period of dollar appreciation of the early 1980s.

Most important, however, are the continued cross-purposes between the Chancellor and the Prime Minister. The former reiterated his commitment to stability. The latter's doubts about the appropriateness of large-scale intervention or interest rate adjustments in the face of foreign exchange pressures would appear to make this a commitment with-

out a means of achievement. Maybe the Chancellor will reveal on Tuesday that he has gained a quid pro quo: for example, the abolition of mortgage interest relief or an end to the tax-deductibility of pension contributions. This is unlikely. The question then is whether a strategy can be detected behind the apparent inconsistencies.

Mr Lawson has turned out to be a remarkably successful fine-tuner of the economy. His fine-tuning differs from the Keynesian fine-tuning of his predecessors in the weight put on unemployment and on monetary versus fiscal policy, but it is fine-tuning all the same.

"The Government's intention is to deliver non-inflationary growth," he might remark in the Budget speech next Tuesday, "the exchange rate being an important indicator, but not the only one. Last year I tried to cap the exchange rate in the hope that the growth of the monetary aggregates and nominal demand would abate spontaneously, being aware that financial liberalisation and the decline in inflation have made it difficult to judge the significance of monetary trends. In the event, the extraordinary supply response of the economy in 1987 and the relative quiet on the wages front justified my patience."

Few certainties
"The stock market crash of October 1987 has persuaded me to postpone action, but the continued rapid growth and upward pressure on the exchange rate allowed me to do so no longer. The modest upward adjustment last week will increase uncertainty in the foreign exchange market. More important, employers have to be reminded how seriously this Government takes the control of inflation."

Would this be an adequate defence? A businessman who concluded from the rise in the exchange rate that a subsequent fall would be permitted in response to an inflationary recession would certainly take a risk. Beyond that, there are few certainties.

The Government's lack of tactical consistency renders the environment in which businessmen and workers make their decisions dangerously uncertain. The appreciation could itself prove costly, especially as an overshooting in the exchange rate on the way up is likely, unless interest rates are soon lowered. Most disturbing, all Chancellors are not clever fine-tuners. The failure to introduce a set of clear and consistent rules for macro-economic policy may turn out to be the greatest failing of the present Government. Will Mr Lawson wish to end his Budget speech with "après moi le déluge"?

BUDGET DAY is traditionally the day for rapid mental arithmetic, but next Tuesday most of us will need a pocket calculator. Mr Nigel Lawson, the Chancellor, is promising much more than the odd penny off the basic rate of tax balanced by 10p or so in extra duty on a bottle of Scotch or a packet of cigarettes.

Through the mists of the Treasury's pre-Budget purdah, we are told that his battered Red Box will contain a package of radical, reforming, tax cuts. They will include the most wide-ranging changes since the present Government's first budget in 1979 - do not be surprised if official hyperbole translates that into "the most significant in a generation."

Mr Lawson has both the money and the political opportunity to be radical. If his already thin reputation as a tax reformer is not to evaporate, he cannot afford to be dull. That does not mean that there are no constraints. Electoral promises not to extend value-added tax in sensitive areas like food and fuel, and the Prime Minister's affection for allowances like mortgage interest relief set some limits.

More mundane considerations such as the pace of Inland Revenue computerisation mean that promises of future action rather than immediate changes will loom large in areas such as the tax treatment of husbands and wives.

The economic background, though favourable in the short-term, also points to a note of caution in the size of the overall tax "giveaway." Despite its public disavowals, the Treasury is concerned about the rapid deterioration in Britain's trade balance. The surge last week in sterling's value after Mrs Thatcher took control of exchange rate policy has damaged industry's competitiveness and strengthened the case for fiscal caution.

A massive "giveaway" would lead to a surge in imports and risk pushing the economy into inflationary overheating. "Radical but prudent" will therefore be the message from the Treasury's press office on Tuesday afternoon. The parameters, however, still leave plenty of scope for change and the gift-wrapping will be generous.

Guessing what Mr Lawson might do is a hazardous business, but one or two things have slipped through the Treasury's elaborate security. Public finances are even healthier than generally realised. Senior Treasury officials are confident that the Budget will be well-received by financial markets. The perception that the recent rush of funds into sterling would probably continue

If the Chancellor's already thin reputation as a tax reformer is not to evaporate, he cannot afford to be dull

after Tuesday contributed to the decision last week to abandon the pound's previous DMS ceiling.

The consensus among independent economists is that Mr Lawson can combine tax cuts costing between £2.5bn and £3bn with a projection that the Public Sector Borrowing Requirement next year will show a surplus of £1bn to £2bn. The whispers in Whitehall suggest that both figures could be significantly higher.

The scale of changes in income tax will be greater than the net "giveaway" suggests. Mr Lawson will be seeking to recoup with one hand at least some of what he hands out with the other. Smokers, for example, can expect a hefty fiscal incentive to pay more regard to their health. Cuts in tax rates will be balanced in part by reductions in the value of allowances and perks. Those with company cars are one obvious target, as may be the media stars

and others getting £300-a-year in tax breaks for planting conifers in Scotland.

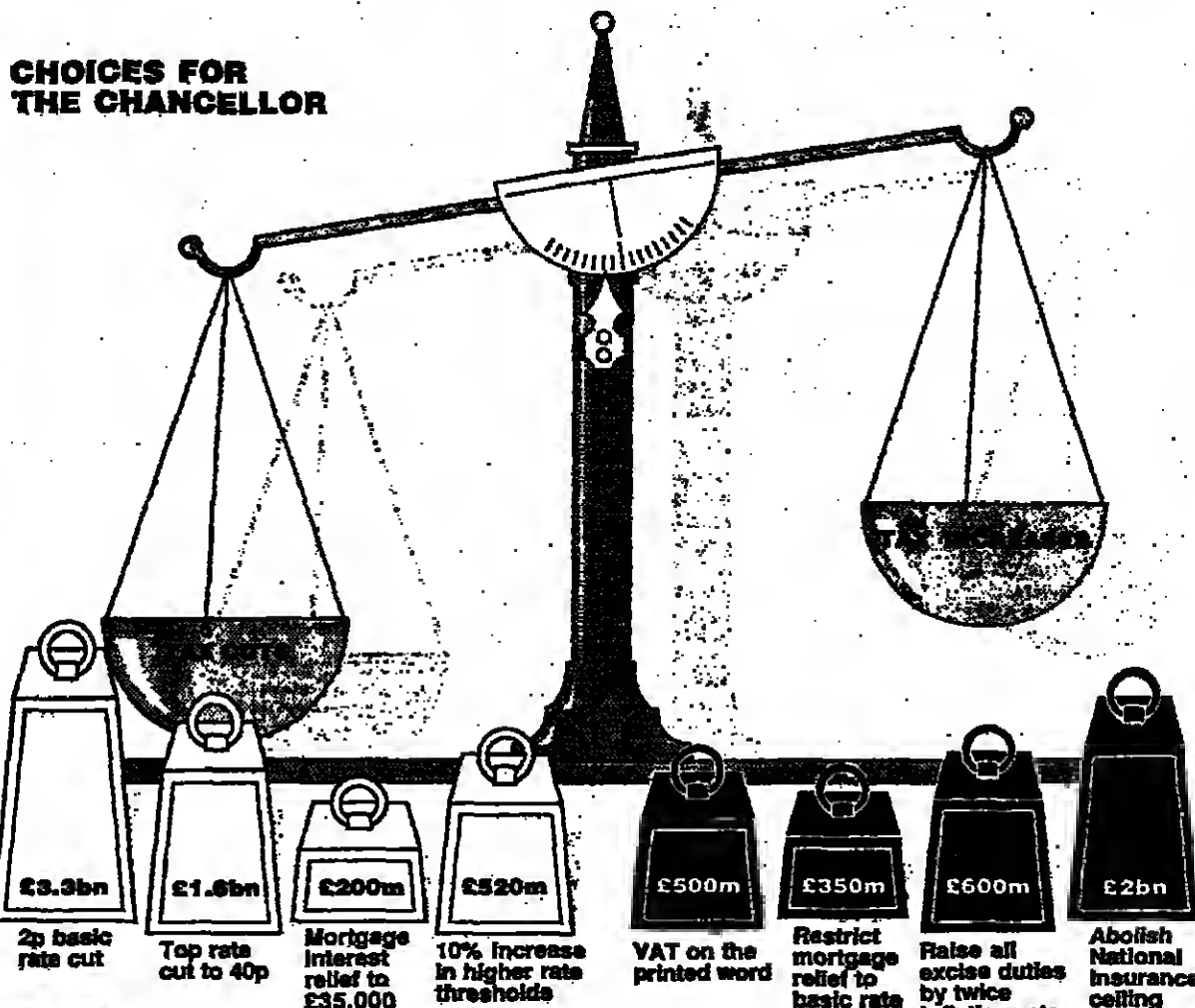
The main focus on Tuesday will be on the structure of personal income tax. Mr Lawson wants lower rates and a simplified structure to replace the present six bands ranging from the basic 27p in the pound to the highest 60p. A 25p basic rate has long been promised and the question now is only whether Mr Lawson moves in one or two stages from the present 27p. Though a two-stage move is possible, the general feeling in Whitehall is that anything less than an immediate move to 25p would look timid.

It is in restructuring the top rates of tax - paid by about 1.2m people, or 5 per cent of taxpayers - that the Chancellor will aim to look daring. The 140,000 high-income earners paying the 50p top rate will get the biggest cash benefit. The perception that Britain's highest rates are out of line with most other industrial countries is largely a myth, but the Government appears beguiled by the US decision to slash its top rate to just over 30 per cent. And the first budget of a new parliament in the time for a Conservative Government to make concessions to the rich.

The simplest, and cheapest move would be to cut the top rate to 50p, abolishing the 55p band in the process. Along with increases in the thresholds for the 40 per cent and 45 per cent bands - to ensure that not only those on the highest incomes benefit - the

Philip Stephens examines the options open to Chancellor Lawson as he prepares for the expected reformer's Budget

CHOICES FOR THE CHANCELLOR



CHERRY WALKER

Day of calculators and steady nerves

cost would be around £1bn. Mr Lawson, however, is expected to be more ambitious. The introduction of a three-rate structure of 20p, 35p, and 45p is among the ideas he has been considering. Yet more radical would be a two-rate system, with a basic rate of 25p and a top rate of 50p or 40p. The gross cost of either package would depend crucially on where the thresholds for the new higher rates were fixed. But overall it would probably be £50m or more.

That, and the Government's sensitivity to the charge of planning a "Budget for the rich" as a time of cash shortages in the National Health Service, would mean balancing lower tax rates with a squeeze on allowances. The most logical way to claw cash back - about £30m in a full year - would be to abolish the ceiling on spouses' National Insurance Contributions. At present these are levied only on the first £15,340 of income. That leaves a costly and illogical dip in the effective tax rate (income tax plus NI contributions) of those with earnings above the ceiling.

Professor Mervyn King, of the London School of Economics, has shown how sharp cuts in the higher tax rates and removal of the NI ceiling could be combined with a single 25p tax rate on interest and dividends. That would greatly simplify the tax system and eliminate distortions caused by the different treatment of various forms of savings.

There are obstacles, however, to the

removal. Mrs Thatcher has so far been reluctant to abandon the fiction that NI contributions are not a tax but rather payments into a social insurance fund. Such a move would also create hundreds of thousands of "losers" among people whose incomes are above the NI ceiling but below the threshold for higher rate income tax. Losses for some individuals would run in hundreds of pounds a year and it would be difficult to compensate them by tax cuts elsewhere.

If Mr Lawson is not prepared to risk the potential political backlash, there are other ways to recoup revenue, and to introduce a little more coherence into the tax system. The most obvious is to restrict tax allowances to the basic rate, raising about £300m in extra revenues.

If the Chancellor opts for a really dramatic reduction in the top rate, he could also restrict the standard personal allowances to the basic rate. Under the present structure that would bring in extra revenues of £1.75bn, although that figure would be considerably less with a lower top rate.

He is not short of other ways to raise cash. Last year, with his eye on the general election, he froze the duties on alcohol, cigarettes and petrol. This year he may try to recoup some of the loss

by raising them by significantly more than the inflation rate. The extra revenues are not insignificant. Each 10p on 20 cigarettes, for example brings in £250m and, if all duties were raised by twice the inflation rate, the Treasury would be around £600m better off.

A modest extension of VAT (within the Prime Minister's guidelines) is also possible as long as Mr Lawson is prepared to shrug off the charge that he has bowed to the European Community's bureaucrats in Brussels. The end of VAT zero-rating on books, magazines and newspapers would boost revenues by £500m. A similar move on new commercial construction would raise £300m.

There are, of course, one or two areas where Mr Lawson will be under pressure to spend money. It is an open secret that Mrs Thatcher would like to see an increase in the £30,000 ceiling for mortgage interest relief. The Chancellor has resisted such pressure in the past but an increase to £35,000 on Tuesday for the 8½m taxpayers with mortgages has been widely canvassed. The initial cost would be nearly £200m.

He has also faced intense lobbying to give additional tax concessions to Personal Equity Plans (PEPs). Aimed at boosting share ownership, PEPs have proved one of the notable flops of Mr Lawson's earlier Budgets. Similarly, the continued imposition of Capital Gains Tax on assets bought before 1982 has proved a constant source of irritation in the Conservative heartlands, particularly the south-east. In the Government's own terms there is little rationale for any tax on such long-term gains.

One key area - the tax treatment of husbands and wives - in which Mr Lawson will seek to restore his image as a reforming Chancellor will cost him very little in the coming financial year. The Government is committed to ending the anachronistic and sexist aggregation of married women's income with that of their husbands and to move to a system of separate assessment.

The Chancellor has rejected the most radical option of introducing totally independent taxation of married couples. He has also dropped his initial plan to replace the present married man's allowance with two equal and transferable allowances for each spouse. What is left is a proposal to separate the tax assessment of husbands and wives and provide partial transferability of their allowances. Such a plan would allow non-working wives to transfer initially around one-quarter of their personal allowances to

their husbands at an eventual cost of £1.2bn. Mr Lawson has called this a "half-way house" and the intricacies of Inland Revenue computerisation dictate that it could not be introduced immediately. But that will not stop the Chancellor claiming that he is embarking on the most major reform for decades.

In the meantime he can court favour with members of the family in Conservative constituencies by announcing that in future unmarried couples or other sharers will be allowed only one allowance for mortgage interest relief. Some 500,000 people currently benefit from two or more allowances at a cost to the Treasury of £25m a year.

To find out which of the more serious options Mr Lawson finally selects we must wait until Tuesday. But it is clear that it will be his political nerve, rather than lack of cash or time, which determines just how radical he is.

The main focus will be on the structure of personal income tax. Mr Lawson wants lower rates and a simplified structure

"TO ME," says Congressman John Lewis, the black civil rights leader who led the March to Selma, Alabama, 23 years ago, "it is unbelievable to see the distance we have come. Even if he does not win the nomination, he is opening the door for some black man or woman to step into the White House."

The "he" in that sentence is the Rev Jesse Jackson. And the question of whether he can be more than a pethander for a more conventional black politician brings into sharp focus all the doubts about his lack of experience as an elected official and his addiction to the glare of publicity.

On Tuesday, the campaign, which has been gathering strength since the first trial court victory in Iowa's caucuses, soared beyond the expectations of even the most ardent supporters of the former civil rights leader.

Of the votes cast in the 20 "Super Tuesday" caucuses, Mr Jackson - with rock-solid black support - won 27 per cent, three percentage points fewer than Governor Michael Dukakis, the current front-runner for the party's nomination, and the same as Senator Albert Gore from Tennessee. As a result, he collected an estimated 388 delegates, only 19 fewer than Governor Dukakis, but 43 more than Mr Gore.

Given the probability that he will continue to garner an impressive share of the vote in northern and midwestern industrial states, this is a big enough base to ensure that he will play a central role in shaping the Democratic Party's identity in the minds of the electorate in the rest of the year.

If, as seems likely, no Democrat finishes the campaign with the 2,082 delegates needed to win the nomination, Mr Jackson's voice could even be decisive in deciding who the nominee will be. Beyond that, he has demonstrated the ability to mobilise a key constituency: the black voters in southern states who were instrumental in helping the Democrats gain control of the Senate in 1968.

Man in the News

Rev Jesse Jackson

The long, difficult journey to political maturity

By Stewart Fleming



But will the powerful position he now seems destined to occupy this year help to reduce racial tensions in the United States, or could it increase them? Will his candidacy help the Democratic Party or divide and weaken it? When he ran a politically reckless campaign for the Presidency in 1968, there were genuine concerns that he was damaging the party he claimed to be working for. But today as they look at the style of his candidacy, his carefully nurtured position as a peacemaker among the rival candidates and the decision he has taken to work within the party and not, as he did then, to challenge it, many influential Democrats are warily concluding that he may be less of a threat, perhaps even a positive force.

This time he has, for example, avoided alienating important Democratic party constituencies such as Jewish voters - although Jews have not forgotten his meetings with Yasser Arafat, the PLO leader, and his description of New York as "Rymis-town".

He is also succeeding in reaching out beyond the black and minority base which he built in 1968, although polls suggest that the 5 to 10 per cent of white votes he has been picking up come mainly from white liberals.

That he has stirred the liberal conscience is testimony to the flawless campaign he has conducted and to his unparalleled skills as an orator. Drawing on his experience as the deprived child of an unmarried teenage mother growing up in the segre-

gated South separated from his natural father, he is able to voice the frustrations of the disadvantaged, black and white, as no other politician in America today can.

"Most poor people are not on welfare... they work every day. And when they get through working they are still in poverty. The challenge is not to motivate people with welfare but to pay them for what they are already doing. It is almost contemptuous to assume that poor people need motivation to work."

"You'd have to motivate the rich people to drive cabs, you'd have to motivate the rich people to clean out bathrooms, you'd have to motivate the rich people to change the clothes of those who are fevered or sick and

empty their bedpans." This message has been so powerful that, imitation being the sincerest form of flattery, his rivals Congressman Richard Gephardt and now, it seems, Senator Gore, have borrowed some of the populist tone of his electoral pitch.

They have both, however, been careful to avoid adopting positions as far to the left of the political mainstream as Mr Jackson, such as his policy of soaking the rich and slashing the defence budget.

But there are doubts about how Mr Jackson will use the power he is now accumulating. He has been accused of unashamedly satisfying his ego and his ambition at the expense of those around him. Others present at the first budget of a new parliament in the time for a Conservative Government to make concessions to the rich.

The simplest, and cheapest move would be to cut the top rate to 50p, abolishing the 55p band in the process. Along with increases in the thresholds for the 40 per cent and 45 per cent bands - to ensure that not only those on the highest incomes benefit - the

At the Democrats' convention in San Francisco four years ago, Mr Jackson, in an emotional speech, ended by saying "God hasn't finished with me yet." Today he is seen as a man who has indeed matured as a politician. But that maturity is likely to be tested in the months ahead. The temptation to use his growing influence to try to dominate the public stage will increase and he is likely to find the press examining his record and his views more rigorously.

Beyond that, he will now have to start the power he is accumulating with greater subtlety if he is to win the trust of his party without losing the confidence of his down-trodden supporters. Will he have the patience to meet that challenge?

Steven Butler reports on the dramatic rise of a UK oil independent

Hitting the North Sea jackpot

BRITAIN'S independent oil companies this week received a much needed boost to morale after months in which real and rumoured takeover attempts appeared to put the entire sector in danger of extinction.

The tonic came in the form of a big discovery of oil in the North Sea by Enterprise Oil. Its significance runs far beyond the 17th of oil reserves added to Britain's oil reserves. The Nelson discovery, as Enterprise calls it, shows more clearly than ever that a relatively small oil exploration and production company, hungry for growth and willing to take a chance, can exploit opportunities that others pass by.

The discovery puts Enterprise into a different league in the oil world. The company had already attracted much attention because of its skill as a deal maker. Since privatisation in 1984, it has climbed from 24th place to fifth in terms of the size of its net holdings of North Sea acreage. When BP acquired Britoil last month Enterprise became the largest UK independent oil company.

Now, with the Nelson discovery, it stands to become the operator of a producing oil field for the first time. From its substan-

stantial reserve base in the North Sea, it is poised to spread its wings internationally.

The story of the find could have been taken straight from a Hollywood B movie. Enterprise acquired an initial 30 per cent interest in the field in 1986, when the company took on a commitment to shoulder exploration expenses in exchange for an interest in the field. Once on the block, it had access to detailed, three-dimensional seismic studies of the area, prepared by Shell three years ago.

When Enterprise's geologists looked at the studies they saw a huge reservoir of oil. Their partners in the field, Britoil, Cogson and Chevron, did not agree, however, and voted down Enterprise's proposals to drill on the license block.

The area had been licensed since 1965 and an exploration well drilled in 1967 found only oil shale. As Mr Graham Hearne, chief executive of Enterprise, puts it: "If you drill a dry hole in this business, it is an awful stopper."

But Enterprise remained confident of its geological assessment. In part, this came from its partic-

ipation in the Alba field, where a sizeable oil reservoir was discovered by accident at a relatively shallow depth under the North Sea. Until then, significant quantities had been discovered only in the deeper, sedimentary layers.

Knowledge of the Alba field helped Enterprise to interpret the seismic data from Nelson. Unlike its partners, it was a participant in both the Forties and Montrose fields which lie on either side of Nelson. "We got to know the geology perfectly," says Mr Hearne.

Enterprise was convinced that the early exploration well was drilled in the wrong place. It approached each of its partners to ask if they would trade their stakes for parts of its portfolio of production and exploration acreage in other fields.

In early December, Enterprise astounded its former partners, and the rest of the oil community, with the announcement that it had amassed a 100 per cent interest in Nelson. No one in the industry can recall a previous instance of such a small independent toasting so many eggs into one basket.

Within two weeks, Enterprise had brought the Dundee Kingsnorth out of mothballs and begun drilling. Core samples removed from a first test well in mid-January seemed to confirm Enterprise's theory of the subsurface geology, but as the drill went deeper, the oil seemed to give out.

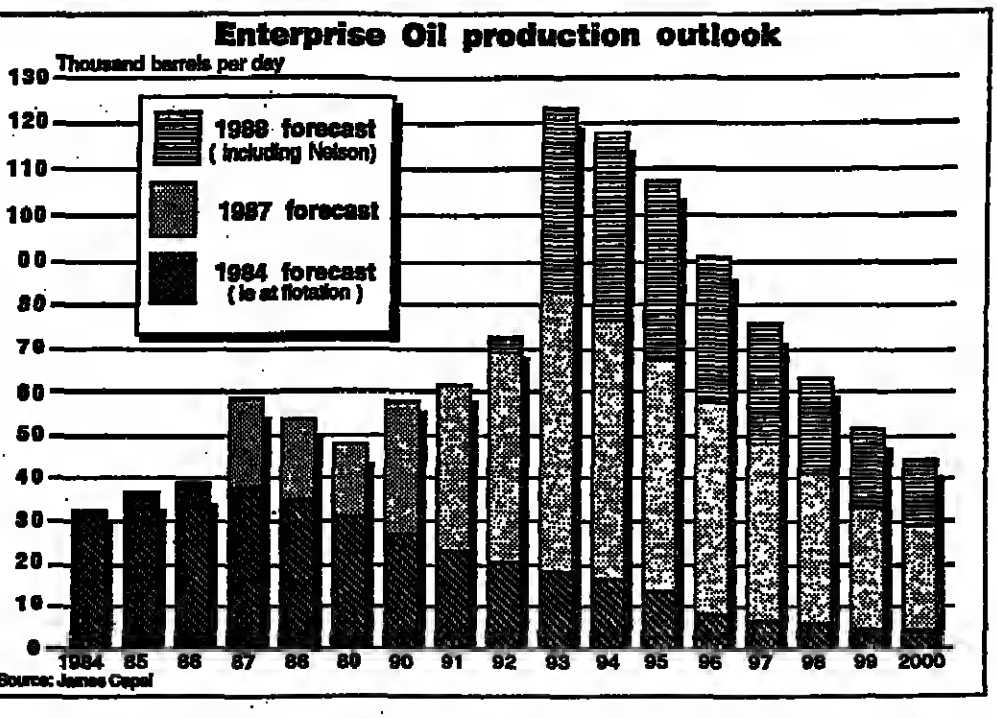
The possibility loomed that Enterprise had made a huge error of judgment. Electronic tests were more encouraging, but only a flow test on the well could confirm whether a substantial discovery had been made.

The sighting of a flare on the drilling rig on March 3, after weeks of rumours about a big find, again pushed up Enterprise shares. But before Enterprise could complete the test, a storm forced it to pull its gear out of the hole.

Last Sunday, the sea was calm enough for Enterprise to restart. Early on Monday morning it was able to complete the test, a storm forced it to pull its gear out of the hole.

In a single stroke, Enterprise replaced all the oil it has pumped out of the ground in its four years of corporate life, and by the middle of the next decade it will be producing more than 100,000 barrels a day.

This is a remarkable success story for a company that was cobbled together by the Department of Energy after a struggle



Continued weakness in oil prices, of course, could hinder that activity, but it could also create opportunities for Enterprise to exploit. The company has taken care to put in place long lines of finance, which could carry it through a prolonged weakness in cash flow.

None the less, Enterprise's survival as an independent company cannot be assured. RTZ has a grip on the company through its

near 30 per cent holding of Launo, which in turn owns 25 per cent of Enterprise. And although ICI, with its 25 per cent stake, must be seen as a long-term holder, it would obviously have to take an attractive offer seriously.

"We realise that we are potentially vulnerable," says Mr Hearne. "That is why we are anxious to perform."

He believes that Enterprise should be allowed to remain independent, not only for the sake of shareholders and the City, but also for the industry as a whole. "Any industry that has just half a dozen big players loses something. It is diversity that provides new ideas, that gets activities going, that gives choice to investors," he says.

With the Nelson discovery behind it, Enterprise appears to offer proof that this is true.

TWO WEEKS ago, Alan Bond, the Perivale schoolboy who became an Australian millionaire, headed for the Tower of London. In its shadow, on the third floor of an unassuming Thames-side office block, he found M&G.

M&G is Britain's largest unit trust group, managing some 25bn on behalf of more than 250,000 small investors. It is also Mr Bond's latest UK stock market investment. By all accounts, the hour-long meeting between this respected City institution and its flamboyant new shareholder was cordial. But it left the unit trust men uneasy.

"We listened," says Paddy Linaker, M&G's managing director, with an air of wary patience. "He told us he has no plans to take over the company, but he also said he wished to get closer and larger."

Mr Bond has been as good as his word. He has placed a further 700,000 shares, taking his stake to 9.23 per cent. But Mr Linaker's nerves do not end there.

Just over 5 per cent of M&G's shares are also in the hands of Lord Steven's rival fund management group, Britannia Arrow, while Daily Telegraph's Robert Maxwell and New Zealand financier Sir Ron Brierley lurk in the register with around 1 per cent

each. It is a formidable list of names - and it leaves almost one fifth of M&G's shares in what the City politely terms "unstable" hands.

The sight of predators circling a financial services group is no longer remarkable. That M&G, the most outspoken and independent-minded of City institutions, should fall victim is a cruel irony, raising questions which go beyond the fate of the group itself.

M&G is not only the largest unit trust company - a position it recaptured in 1984 - but it is also the oldest, having launched Britain's first unit trust in 1931. Today, it manages 27 unit trusts worth almost £3.5bn, and has approximately 360,000 unit holder accounts. These, in turn, represent some £50,000 and holders, many of these small investors.

Market share within the unit trust industry has fallen as the large insurance companies have muscled in, but M&G still accounts for about 8.5 per cent. On top of that, there are its unit-linked life assurance and expanding pension products.

For years, its independence looked unassailable. By the late

Predators are stalking Britain's oldest unit trust company, writes Nikki Tait

M&G: rattled, but rolling

1970s, almost 70 per cent of its stock was in the hands of two shareholders: Kleinwort Benson, one of Britain's largest merchant banks, and the Eames Fairbairn Charitable Trust, which was set up more than 20 years ago by Ian Fairbairn, a former chairman of M&G.

There were difficulties in 1980 in the shape of a 57m tax bill Kleinwort offered £5m in support and won the right to raise its stake to 51 per cent. But after ferocious pleas for independence from Mr Linaker's predecessor, the rambunctious David Hopkinson, the bank's holding merely nudged ahead to 42.5 per cent.

Then, 16 months ago, as the cost of Big Bang and worries over conflicting interests grew, Kleinwort Benson decided to realise its investment. The bulk of the shares were disposed of through an offer to the public, and the remaining stake led on later through the market.

M&G's problems had begun. Mr Linaker is a pragmatic man,

and accepts the inevitability of Kleinwort's action. But, although he trends more softly than Mr Hopkinson, his 25 years with M&G have left him no less deeply ingrained with the group philosophy.

"We're a single-minded group managing other people's money," he says. "We do one thing and we do it well. As part of a large group we would just be watered-down."

M&G's single-mindedness cannot be questioned. A few "peripheral services" have been tacked on to the unit trust business - such as a high interest cheque account and, this month, an endowment market. But the rest of the group's £22m pre-tax profit in 1986-87, unit trust operations brought in £17m. All advances during the Big Bang marriage whirl were politely refused; there has been no move to launch, glass-fronted offices; directors remain on the sidelines.

Not can M&G be accused of failing to practise with others what it preaches for itself. Its support of

interests are paramount) takes a hard line on leveraged bids.

Some City analysts question whether small investors would really care who ultimately owned their fund management group. But Linaker says he has already received letters from worried unit holders - who, in the absence of a direct salesforce, play an important role in selling M&G units - have also expressed concern.

There is also the question of M&G's investments. Much of its policy has been directed towards second-line stocks, where it has - with admirable results - taken long-term and sizeable holdings (hence its importance in takeover battles). Today, there are over 200 companies in which it holds more than 5 per cent.

So how likely is any action? Noises from the Bond Corporation are highly conciliatory. Alan Biremore, executive director of Bond's UK operations, says that the Australian company understands M&G's wish for independence and "respects that view".

Analysts are more doubtful - sure only that any bidder would need fairly deep pockets and a good deal of skill. "If there was an acrimonious battle, I wonder what a bidder would get?" asks Wayne Gerry at Kleinwort Greaveson. "It's not just the fund managers' in the moment, it would only need half a dozen back office staff to walk out for the business to grind down."

But while M&G may present a stolid facade there is little doubt that it is rattled. The Eames Fairbairn trustees have already made public expressions of support. This, together with the holdings of directors and staff, suggests that 35 per cent of shares are relatively secure. Nevertheless, M&G's latest letter to intermediaries carried a firm statement of the company's "total commitment" to independence. Mr Linaker has not yet written to unit holders, but that is another possible course of action.

Then there are the shareholders. Contacts are undoubtedly being brushed up; lunches arranged. It is, admits Paddy Linaker, a strange role for this perennial supporter of others' independence to adopt. But, reasonable as the last, he would not wish to grantable too much. "After all," he points out, "the great chairman of ICI comes to do M&G." Now he is expected to do some visiting himself.

Choose realistic health care

From Mr K.R. Wade.

Sir, As you rightly pointed out in your editorial (March 10), private, insurance-funded, universal health care is not a realistic option for the foreseeable future. In a country where there is arguably inadequate capacity to treat existing demand within the acute sector, what chance is there of providing the over-capacity which would be necessary in order to give more than a handful of people a realistic choice?

What we can and should do, is to enable people to choose which district health authority they want to belong to. Having made the choice, just as they do now in choosing their GP, they will have to rely on that authority to arrange their treatment either within its own facilities, or by arrangement with another authority or private-sector contractor. In effect, the health authority would be a "health maintenance organisation" and would receive revenue funding from central government on a per-capita Resource Allocation Working Party (RAWP) formula.

Depending on the size of authority, some choice of hospital and consultant might be open to patients for routine treatment, and as the authority would liaise much more closely with GPs, more in the way of outpatient and day-treatment could be carried out in local health centres.

Because an authority would have a list of all its "customers", it should be able to become much more responsive to particular needs. And clients would be free to jump another authority, subject to reasonable notice, if they felt unhappy with their existing one.

The significance of my reference to revenue funding is that authorities should be free to manage their affairs on their own, with absolute minimum interference. That includes raising capital for buildings and equipment, and using bank facilities to iron out fluctuations in their income and expenditure accounts. It also includes having full negotiating rights with all employees, including consultants.

Letters to the Editor

Loss of tenure will restrict academic achievement

From Mr George McKenzie.

Sir, Yesterday I received a small promotion. In the letter from my university administration it was noted that the terms and conditions of my employment could be altered as a result of clause 132 of the proposed Education Reform Bill. As a result of my promotion, I would lose the protection of tenure.

There are some rather curious implications of this clause which reveal that British university management and the Government have virtually no understanding of how the market mechanism works. First, the policy of withdrawing tenure from the best academics, those promotional

Exhibits in provincial museums should be put on show

From Mr G.J. Guckian.

Sir, In her thought-provoking article (Arts page, March 3), Susan Moore highlights many of the problems facing provincial museums with their limited resources.

All too often, exhibits of national and international importance remain practically inaccessible to the general public, who, through taxation, finance the cost of their conservation, examination and presentation.

The production of costly catalogues is a luxury, which provincial museums need not emulate. A catalogue is a hybrid animal which tries to be all things to all people. However admirable it may be for museums to produce a catalogue of the highest academic standards, a separate catalogue, with considerably less detail, will reach more than general public needs.

In this era of greater cost-consciousness, it does not seem unreasonable for academic institutions to be asked to contribute towards the costs of museums which provide their scholars with research facilities, perhaps by an annual fee.

Finally, can our national museums and galleries establish a National Exhibition Centre of Provincial Exhibits, possibly on a rotating basis within their own premises, to display on-going temporary provincial exhibitions? The idea would be to show to the people who cannot otherwise go to the Museum.

G.J. Guckian, 56 Windsor Road, N13

Come to the sunny UK

From Mr Michael Meacher MP.

Sir, David Churchill's article "Tourist industry predicts another record year" (March 5) is a welcome view of the state of the industry. It ignores the fact that, according to this week's Overseas Travel & Tourism statistics, the industry has moved from a surplus of nearly £1bn in 1978, to a deficit of almost £1bn in 1987.

Whilst I am delighted that more UK citizens are now enjoying foreign holidays than in 1978, we are failing to attract sufficient people to the UK to compensate for the loss of revenue.

The statistics show that the gap between those coming to the UK for holidays and those leaving the UK for foreign holidays has increased 15-fold during the same period.

In the last 10 years the number of UK citizens going abroad for holidays has doubled, but the number of people coming to the UK has increased by less than a quarter.

The fact is that tourism has lost its competitive edge under Mrs Thatcher and if we stand any chance of recovery, she must rethink her high-interest-rate policy.

Michael Meacher, House of Commons, SW1

Spur to payment

From Mrs Nancy Strang.

Sir, I read with interest the correspondence concerning non-delivery of certificates of shareholdings. In my case, it always appears to be shares where a rights or scrip issue follows, with the problem then of non-registration for these rights.

My brokers tell me they can do nothing until the individuals who owned the shares previously send them on. Am I naive to suggest that, if these individuals are not paid for their sold shares until production of the certificates, would they soon be forthcoming?

Nancy E.P. Strang, Mortimer, Barks

Compensate the shareholders too

From Mr Norman Fletcher.

Sir, Birmid Quatrec suggests that companies which are successful in defending takeover bids should be compensated for the costs of their defence.

May I also suggest compensation for shareholders who accept the offer, and who in the expectation of receiving a cheque within 14 days of the bid being declared

Shareholders too

unconditional, reinvest the funds, only to find themselves overdrawn when the bid lapses after a receipt.

Should not the bidder's broker who initiated the error be required to take up any shares at the offer price?

Norman A. Fletcher, 80 Normanton Avenue, Aigburth, Liverpool

If intended for publication, Letters to the Editor should include, where possible, a daytime telephone number.

The BES provides valuable opportunities, both for small investors and for small businesses

From Mr Steven Rowe.

Sir, Mr Gordon Brown, the Shadow Treasury Spokesman, is widely reported in the press for his statement condemning the Business Expansion Scheme as "a monumentally cynical venture in tax avoidance by the well-off."

Hard statistics show the reality to be somewhat different. The BES funds an important role in fulfilling small and growing businesses and provides an opportunity for a large percentage of the

As part of my analysis and appraisal work, I visit and meet a very high percentage of public companies raising finance. I can assure Mr Brown that the majority of these companies are run by very able small businessmen who much appreciate the Government having opened up this new source of venture capital.

Steven Rowe, Managing Director, BES Investment Research Ltd, 60 St James's Street, SW1

BUILDING SOCIETY INVESTMENT TERMS									
Product	Applied	Net	Interest	Maturity	Access and other details				
Abbey National 01-486 5555	Share Cert	7.50	7.50	Yearly	Third				
	Flex Saver	7.00	7.00	Yearly	Third				
	High Int. Chq Ac	7.00	7.00	Yearly	Third				
	Central City	7.00	7.00	Yearly	Third				
	Share account	4.00	4.04	1/2-yearly	£1				
Ad to Thrift 01-638 0313	Ordinary S.A.	6.75	6.86	1/2-yearly	£1				
	Prime Plus	7.50	7.50	Yearly	£10,000				
	Gold Plus	7.00	7.00	Yearly	£10,000				
	BankSaver Plus	6.25	6.25	Yearly	£10,000				
	Ready Money Plus	4.00	4.04	1/2-yearly	£1				
	Savings 2nd max	7.60	7.60	1/2-yrly	£100,000				
	Share Cert	7.25	7.25	Yearly	£25,000				
	Prize Account	7.00	7.00	Yearly	£25,000				
	Mastercard Bonus	6.50	6.50	Yearly	£1,000				
	Mastercard Inc.	7.25	7.25	Yearly	£2,000				
	Mastercard Growth	7.50	7.50	Yearly	£5,000				
	Mastercard	4.00	4.04	1/2-yearly	£1				
	Mid Capital	7.50	7.50	Yearly	£25,000				
	Mid Income	7.40	7.40	Yearly	£25,000				
	Triple Bonus	7.10	7.10	Yearly	£25,000				
	Share Account	7.00	7.00	Yearly	£25,000				
	Share Cert	4.00	4.04	1/2-yearly	£1				
	Trident 2nd 2nd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 1st	7.50	7.50	Yearly	£25,000				
	Trident 2nd 3rd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 4th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 5th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 6th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 7th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 8th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 9th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 10th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 11th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 12th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 13th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 14th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 15th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 16th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 17th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 18th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 19th	7.50	7.50	Yearly	£25,000				
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	Trident 2nd 28th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 29th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 30th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 31st	7.50	7.50	Yearly	£25,000				
	Trident 2nd 32nd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 33rd	7.50	7.50	Yearly	£25,000				
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	Trident 2nd 35th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 36th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 37th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 38th	7.50	7.50	Yearly	£25,000				
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	Trident 2nd 40th	7.50	7.50	Yearly	£25,000				
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	Trident 2nd 43rd	7.50	7.50	Yearly	£25,000				
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	Trident 2nd 45th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 46th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 47th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 48th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 49th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 50th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 51st	7.50	7.50	Yearly	£25,000				
	Trident 2nd 52nd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 53rd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 54th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 55th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 56th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 57th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 58th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 59th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 60th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 61st	7.50	7.50	Yearly	£25,000				
	Trident 2nd 62nd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 63rd	7.50	7.50	Yearly	£25,000				
	Trident 2nd 64th	7.50	7.50	Yearly	£25,000				
	Trident 2nd 65th</								

UK COMPANY NEWS

Trilion has to raise borrowing limit after £5.6m loss

Trilion, the financially troubled television production company, has been forced to seek shareholders' approval for a higher borrowing limit after reporting a total loss of nearly £5.6m after tax and extraordinary items.

Bromsgrove makes two acquisitions

Bromsgrove Industries, the Worcester-based metal processor and specialist engineer, has made two acquisitions: Richard Arnold, a private Gloucestershire manufacturer of precision parts for the aerospace industry, and Eurocast, a private Leicester company which is the largest supplier of mechanical continuously cast iron bars in Europe.

SC Johnson in bid for CMA

SC Johnson has emerged as the bidder for Chemical Methods Associates, the USM-quoted dishwasher manufacturer, which had its shares suspended at 22p on Wednesday.

Intereurope Technology dives 69%

FIRST HALF profit of Intereurope Technology Services fell by 69 per cent, from £201,000 to £245,000, but the interim dividend stays at 2p.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Current dividend, Total dividend for last year.

TR Tech's tussle with Firmandale moves closer to solution

A FIVE-MONTH tussle between TR Technology, a £250m investment trust managed by Touche Bemann, and Firmandale Investments, a Jersey-based company which has built up a 27 per cent stake, moved closer to solution yesterday as the two sides published agreed proposals for the reconstruction of the trust.

GOUGH BROS PURCHASE TAKES LIQUOR STORE TOTAL TO 970

Whitbread becomes the top off-licence owner

BY LISA WOOD

Whitbread, the brewer and retailer, is buying 81 Gough Brothers off-licences from Seagram, the Canadian-based drinks group. The price has not been disclosed but City analysts estimated it between £10m to £12m.

enabled it to do reciprocal deals with other drinks brand owners. Seagram Distillers, the holding company for Seagram UK, is to keep the Oddbins chain, now grown to 138 outlets. They appeal to a youngish, knowledgeable clientele with a particular interest in wine.

Strong advance for Rockwood

BY FIONA THOMPSON

THWARTING ILLEGAL mid-night digging of De Beers diamonds in Zaire and orchestrating anti-bugging sweeps in the City helped Rockwood Holdings show an almost sevenfold rise in profits to £1.04m last year.

Defence Systems, the security consultancy, produced profits of £296,000 on turnover eight times ahead at £2.16m. The company is managed by Mr Alexander Morrison, who is ex-SAS, and is three-quarters of the staff.

W German authorities block ICI takeover

By Haig Simonian in Frankfurt and Lisa Wood in London

THE WEST German Federal Cartel Office has blocked Imperial Chemical Industries' plan, announced last October, to take over Norddeutsche Faserwerke, a subsidiary of Veba, the German energy and chemicals conglomerate.

Norddeutsche Faserwerke, which makes an annual profit of about £1m, produces about 27,000 tonnes of synthetic filament yarns, carpet and textile fibres, and employs some 1,250 people.

ICI said it was very disappointed by the decision. "We had hoped the authorities would have recognised the need for the continued rationalisation of the European fibres industry."

Improving AE boosts T&N to 73% rise but earnings clipped

BY DAVID WALLER

FUELLED BY a full year's contribution from the former AE companies, T&N, the engineering group formerly known as Turner & Newall, yesterday announced a 73 per cent increase in its 1987 pre-tax profits to £77.3m.

However, earnings per share declined by 2 1/2 per cent to 23.35p. According to chairman Sir Francis Tombs, this was due to a number of factors: litigation costs, a decline in profits from the company's asbestos mine in Zimbabwe, and the effects of the share issue to finance the £278m acquisition of AE and a subsequent rights issue.

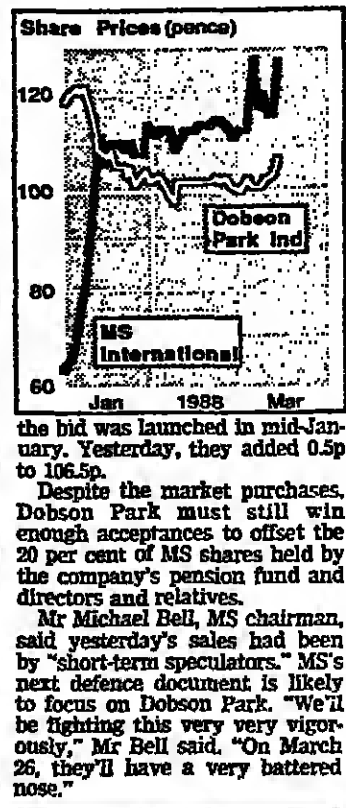
the means by which it finally transformed itself from an asbestos mining and building products company to an engineering conglomerate. Although Sir Francis Tombs, chairman, contends that the combined group is benefitting from reduced costs and increased output with Europe's motor manufacturers, the figures do little to demonstrate the financial sense of the deal.

MS rejects Dobson's 130p bid

BY CLAY HARRIS

Dobson Park Industries, the mining equipment and industrial electronics group, bought more than 17 per cent of MS International in the market yesterday after raising its cash offer for the mechanical and electrical engineer to £33m.

The purchases increased Dobson Park's stake to more than 30 per cent and underlined its improved chances of victory despite another rejection from MS, whose shares closed yesterday at 127p, a 15p gain but below the new 130p offer.



Beazer dismisses Koppers' lawsuit as 'without merit'

BY JAMES BUCHAN IN NEW YORK

Beazer, the UK housebuilding and aggregates company which is seeking to buy Koppers of Pittsburgh for \$1.3bn, yesterday dismissed a lawsuit from the materials and chemicals group, which seeks to block the \$45-a-share offer.

The suit named as defendants Beazer and Shearson, as well as the investment firm's 62 per cent owner, American Express. Koppers said it was seeking a jury trial and dollar damages to cover losses the company allegedly suffered when it recently purchased stock for its own employees benefit plan.

UK Paper offer subscribed eleven times

By Maggie Urry

THE offer for sale of 29.5m shares of UK Paper attracted applications for 320m shares, a subscription level of 11.4 times. Schroders, the merchant bank to the issue, yesterday announced the basis on which shares would be allocated.

Coal mining groups detail link-up plan

BY NIKKI TAIT

Anglo United, the open-cast mining and coal distribution group, yesterday announced a 31 per cent stake in troubled coal-mining and property company, Burnett & Hallamshire, under a complex asset swap scheme between the two groups.

New Darien falls to £77,000

BY NIKKI TAIT

Substantially increased interest charges and a proportionately higher tax provision hit New Darien Oil Trust in the year to January 31 1988.

Elders stays put with S&N stake

BY NIKKI TAIT

Mr John Elliott, chairman of Elders DL, said yesterday that his Australian-based group had not been buying shares of Scottish & Newcastle Breweries.

Small Business

The Financial Times proposes to publish this survey on: 22nd April 1988. For a full editorial synopsis and details of available advertisement positions, please contact: Brett Trafford on 01-248 5116 or write to him at: Bracken House, 10 Cannon Street, London EC4P 4BY.

LONDON RECENT ISSUES

Table with columns: Issue, Price, Change, etc. for various equities.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change, etc. for fixed interest stocks.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Change, etc. for rights offers.

INTERNATIONAL COMPANIES AND FINANCE

MoDo makes \$1bn paper takeovers

BY SARA WEBB IN STOCKHOLM

PLANS FOR the creation of a new, diversified Swedish forestry group emerged yesterday...

earlier this week bid SKr5.9bn for Swedish Match, and ahead of SCA. The new group would produce about 700,000 tons of market pulp...

benefit research, product development, and investments in future. The new company would have a more stable product mix than the three individual concerns...

MoDo controls 49 per cent of the votes in Iggesund, and the two companies together control nearly 80 per cent of the votes and 48 per cent of the share capital in Holmen.

Fletcher deal with Brierley questioned

By Del Hayward in Wellington

THE NEW ZEALAND Commerce Commission, the country's anti-trust agency, is to investigate the NZ\$444m (US\$287.5m) purchase of Winstonone, a building materials supplier, by Fletcher Challenge...

De Beers shows modest fall in diamond income

BY JIM JONES IN JOHANNESBURG

DE BEERS, the South African diamond group which celebrates its centenary today, suffered a drop in rand-denominated diamond income in 1987...

By that stage the rand was worth about 52 US cents against the year's average of 48.8 cents. Diamond stocks increased to \$2.3bn or R4.45bn at the end of the 1987...

The directors say recent floods in the Cape will affect production at the Finch and Kimberley mines and delay bringing Koffiefontein back to full production...

Sandoz raises profits and dividend

By Our Financial Staff

SANDOZ, THE Swiss chemical and pharmaceuticals group, yesterday announced a 16 per cent increase in net profit to SFr27m (\$456.6m) for 1987...

Hang Seng Bank 22% ahead

BY DAVID DODWELL IN HONG KONG

HANG SENG Bank, one of Hong Kong's strongest retail banks, which is 51 per cent owned by the Hongkong and Shanghai Banking Corporation...

on Monday. Hang Seng Bank plans to transfer HK\$200m to its general reserve, and to pay a final dividend of 96 cents per share...

the Bank's performance was stronger than expected. It has nevertheless been made clear that the buoyant performance of the Hong Kong economy...

Malaysian Mining rises sharply

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN MINING Corporation, the country's biggest tin mining group, has reported a threefold increase in pre-tax profit to \$2.1m ringgit (US\$20.4m) for the year to January on turnover which was 62 per cent higher at \$25m ringgit.

Judge blocks Texas Air bid to sell shuttle route

BY JAMES BUCHAN IN NEW YORK

MR FRANK LORENZO, chairman of Texas Air, has suffered setback in his battle to drive down labour costs at its Eastern Air Lines unit when a federal judge blocked his attempt to strip the troubled carrier of its most profitable operation.

Union leaders were jubilant yesterday at a ruling by Judge John Pratt in Washington that the plan to spin off the profitable Washington-New York-Boston shuttle violated an injunction he issued last year.

Success for Doyle Patterson would give it only 1.5 per cent of Petrocorp equity but as this is a tenth of the shares remaining in the market could be enough to stop Fletcher's minority.

Wessanen lifts earnings despite lower turnover

By Laura Raun in Amsterdam

WESSANEN, THE Dutch foods group, boosted earnings by 10 per cent in 1987 despite lower sales and lifted its dividend by an equal amount to Fl 3.24 per share.

Asko seeks more of retail rival

BY HANS SIMONIAN IN FRANKFURT

ASKO, THE fast-expanding West German retailing group, has applied to the country's cartel authorities to raise its present 49.9 per cent stake in Massa, another leading discount retailer, to a majority holding.

Judge blocks Texas Air bid to sell shuttle route

BY JAMES BUCHAN IN NEW YORK

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WORLD COMMODITIES PRICES

Week in the Markets

THE INTERNATIONAL Cocoa agreement appeared to be heading for the rocks last night as producer and consumer delegates wrestled with a deadlock over the twin problems of support pricing and financing.

the talks in London - which for the past two weeks are supposed to have been examining ways of halting an inexorable decline in cocoa prices - do not seem to have got properly to grips with the real issues.

the talks reached a crisis point on Wednesday, when producers blocked discussion on a downward adjustment of support prices, which were reduced in January to between 1,485 and 2,155 Special Drawing Rights a tonne.

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Table with 5 columns: Commodity, Latest price, Change on week, Year ago, High 1987/88, Low 1987/88. Includes Gold, Silver, Copper, Lead, Nickel, Zinc, Tin, Wheat, Soybean, etc.

Table with 5 columns: Commodity, Latest price, Change on week, Year ago, High 1987/88, Low 1987/88. Includes Rubber, Cocoa, Coffee, Sugar, etc.

Table with 5 columns: Commodity, Latest price, Change on week, Year ago, High 1987/88, Low 1987/88. Includes Wheat, Soybean, Corn, etc.

Table with 5 columns: Commodity, Latest price, Change on week, Year ago, High 1987/88, Low 1987/88. Includes Oil, Cotton, etc.

Table with 5 columns: Commodity, Latest price, Change on week, Year ago, High 1987/88, Low 1987/88. Includes Lumber, etc.

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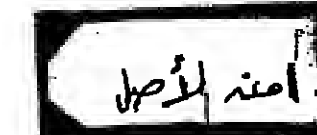
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WORLD STOCK MARKETS

modest income retail rise

NEW YORK (3 pm)

Table of New York stock market activity including Dow Jones Industrial Average and various stock prices.

March 11

Table of stock prices for March 11, 1988.

March 10

Table of stock prices for March 10, 1988.

March 9

Table of stock prices for March 9, 1988.

March 8

Table of stock prices for March 8, 1988.

March 7

Table of stock prices for March 7, 1988.

March 6

Table of stock prices for March 6, 1988.

March 5

Table of stock prices for March 5, 1988.

March 4

Table of stock prices for March 4, 1988.

March 3

Table of stock prices for March 3, 1988.

March 2

Table of stock prices for March 2, 1988.

March 1

Table of stock prices for March 1, 1988.

Wall Street Dow drops but selling is restrained

EARLY afternoon trading saw Wall Street stocks decline, but selling pressure was light in anticipation of the weekend.

Tokyo

Wall Street's overnight plunge edged share prices down in heavy trade. The Nikkei index fell 74.09 points to 2,543.73.

Frankfurt

The mark's rise against the dollar and the previous day's sharp fall on Wall Street pushed down Frankfurt share prices.

Milan

A new high for 1988 was reached in Milan with gains across the board in heavy volume.

Canada

Declining golds outweighed rising energy issues to lead Toronto stocks down slightly in brisk mid-day trading.

Hong Kong

A late buying spree led by US brokerage firms helped Hong Kong to recover early losses.

Australia

The industrial sector regained some strength after earlier losses, but the overall Australian share market finished down.

Zurich

Profit-taking set in after the overnight decline on Wall Street and Swiss share prices closed lower.

Amsterdam

Dutch business was quiet and share prices ended the day lower across the board.

Oslo

The Labour Government's proposed law to keep wage growth down and limit share dividends led to share prices generally falling.

Brussels

Belgian stocks finished lower across the board following a slide in the dollar and the drop on Wall Street the day before.

Stocks

Table of various stock prices and market indices.

NEW YORK

Table of New York market data including Dow Jones and various indices.

INDICES

Table of various market indices and their performance.

NEW YORK

Table of New York market data including Dow Jones and various indices.

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CANADA

Table of Canadian market data including Dow Jones and various indices.

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Base values of all indices are 100 except NYSE Composite - 1965, Standard and Poor's 500 - 1941, and Toronto Composite and Nikkei - 1950. Opening values based on 1975 and Standard Poetic 412.5. Excluding banks.

LEADERS AND LAGGARDS

Percentage change since December 31 1987 based on Thursday March 10 1988

Table with 2 columns: Index Name and Percentage Change. Includes categories like Industrial, Financial, and All Share Index.

RISES AND FALLS

Table with 2 columns: Index Name and Change. Shows daily and weekly movements for various market indices.

BANK RETURN

BANKING DEPARTMENT

Table showing banking department performance with columns for liabilities, assets, and issue department. Includes sub-sections for liabilities, assets, and issue department.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including ASB Bank, Citibank, and others.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data with columns for series, date, and price. Includes sub-sections for different contract types.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for trust name, manager, and other details. Includes sub-sections for various trust categories.

Advertisement for Finstat, a service that provides FT prices online. Includes the Finstat logo and contact information.

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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns and rows. Includes sub-sections like 'INSURANCES' and 'Legal & General (Unit Trusts) Ltd'.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as Franklin Funds, FT Investment Funds, and others, with columns for name, value, and performance.

Table of London Share Service, including sections for British Funds (Short-Term, Five to Fifteen Years, Over Fifteen Years), Foreign Bonds & Rails, Americans, and Money Market Trust Funds.

Table of Money Market Bank Accounts, listing various bank accounts and their interest rates, including sections for Money Market Trust Funds and Money Market Bank Accounts.

LONDON SHARE SERVICE

INDUSTRIALS (Misc.) - Contd.

Main table containing various stock market listings including AMERICANS - Contd, BUILDING, TIMBER, ROADS, DRAPERY AND STORES - Contd, ENGINEERING - Contd, and INDUSTRIALS (Misc.) - Contd. Each section lists company names, share prices, and other financial data.

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LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Newsprint, Printers, and Advertising agencies.

TEXTILES - Contd

Table listing textile companies and their share prices, including various spinning and weaving firms.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land-related companies, such as investment trusts and banks.

OIL AND GAS - Contd

Table listing oil and gas companies, including exploration and production firms.

MINES - Contd

Table listing mining companies and their share prices, covering various mineral extraction firms.

LEISURE

Table listing leisure and entertainment companies, such as cinema chains and holiday operators.

PROPERTY

Table listing property-related companies, including real estate and housing firms.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

THIRD MARKET

Table listing companies traded on the third market, including various financial and industrial firms.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies, such as car manufacturers and airlines.

Commercial Vehicles

Table listing commercial vehicle companies and their share prices.

Components

Table listing component companies and their share prices.

Georges and Distributors

Table listing Georges and distributors companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

OIL AND GAS

Table listing oil and gas companies.

FINANCE

Table listing finance companies and their share prices.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies and their share prices.

Central African

Table listing Central African companies and their share prices.

FINANCE

Table listing finance companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

Central African

Table listing Central African companies.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including companies from various countries.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

Industrials

Table listing industrial companies and their share prices.

A selection of listed shares is given in the London Stock Exchange Report Page.

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We set more wheels in motion R. J. HOARE Leasing Limited

Trade gap smaller than estimated

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE DEFICIT on the current account of Britain's balance of payments last year was nearly £1bn less than previously thought. Revised figures from the Central Statistical Office yesterday show a current account shortfall for last year of £1.7bn compared with the £2.5bn estimated two weeks ago and cited this week by the Prime Minister in the Commons.

Mr Nigel Lawson, the Chancellor, has been warned by his advisers and by independent economists that too large a reduction in income tax would exacerbate the recent sharp deterioration in Britain's visible trade balance. Yesterday's figures suggest that up to now earnings from invisible transactions have provided a substantial cushion.

Toyota importer exceeded quota

By Ian Rodger in Tokyo and John Griffiths in London

TOYOTA (Great Britain), an Inchcape Group subsidiary, admitted yesterday that it had been surreptitiously importing cars into the UK in excess of the informal quota agreed between the Government and Japanese carmakers.

The company's managing director, Mr Alan Marsa, said it had "immediately ceased transshipments" from Continental Europe as a result of a strong protest from Toyota Motor.

In Tokyo yesterday, Toyota expressed regret but said it had had no knowledge of the affair until last month. A letter had been sent to Toyota (GB) ordering it to stop the indirect imports and internal controls had been set up to prevent any recurrence.

According to Toyota, the Inchcape company ordered cars in excess of its quota, claiming they were for British soldiers in West Germany on Nato duty.

Such cars are outside the quota agreement which limits Japanese car sales in the UK to 11 per cent of the total market.

The cars were shipped from Japan to West Germany but it appears most of them were transhipped to the UK for sale to civilians. Mr Marsa refused to say who took delivery of the cars in West Germany or how they arrived in the UK.

The cars could not have arrived as "personal" imports, because these are treated as used vehicles in UK registration statistics.

Toyota Motor said it shipped 34,210 cars directly to the UK last year, but Toyota registrations in the UK amounted to 38,269.

This suggests that about 4,000 cars came into the country through the West German route. The company said 5,119 units were ordered for British Nato military officers last year, but it did not know how many were delivered to the military.

In 1984 there was a gap of 497 units between Toyota's UK exports and registrations. In 1985, the gap was 2,469 units and 2,194 in 1986. Toyota said these gaps were partly due to differences in dealer stocks. It added that it did not know how long the surreptitious importing had been going on or its scale.

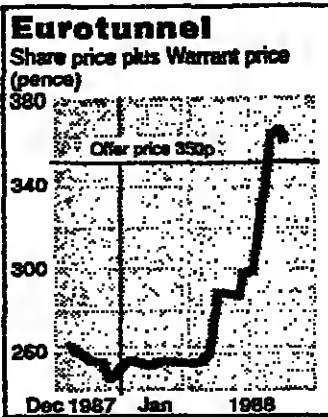
Rival Japanese importers last night refused from criticising Toyota (GB), but urged a revision of the agreement to allow more imports. They denied suggestions from British motor industry officials in a Japanese newspaper that other Japanese companies were using the same method to get round the agreement.

Last year, Japanese imports accounted for 10.91 per cent of the market, fractionally under the 11 per cent ceiling. Toyota's share was unchanged at 1.9 per cent.

THE LEX COLUMN

Fast fingerwork from the KIO

FT Index fell 22.4 to 1449.9



Given that fresh demand has apparently been modest, the price seems to have been determined by Eurotunnel's existing shareholders. The initial fall to 260p allowed subscribers to the earlier issue to sell without loss, while the subsequent recovery to 270p enabled those who had bought shares in both issues to recover their average subscription price. The present value of shares plus warrants is just above the 350p level, and it will presumably stay around there until the unhappy underwriters and the last of the restive investors who backed the flotation are shaken out. This may not take long: turnover on the shares has been low, with the vast majority of Eurotunnel shareholders apparently willing to hang on for a long-term return in line with the risk of the enterprise. Logic suggests that the shares should start to behave in a more predictable way from now on.

Beazer/Koppers

The Beazer bid for Koppers is turning out to be one for the accountancy profession's new proposals on off-balance sheet financing. Arthur Young, in the Koppers camp, says that full consolidation would slash Beazer's earnings per share by more than half, and push gearing up to 180 per cent before disposals. Peat Marwick, acting for Beazer, professes themselves suitably bewildered: Arthur Young must be working off the wrong earnings figures, they do not know how Beazer would propose to value the assets, and anyway, if Beazer were dumb enough to pay that much over the odds, surely that would be good news for Koppers shareholders?

And so forth. Since both sides know all about their own cards and very little about their opponent's, this is mostly knockabout. But it raises a separate question: if auditors are to act for their clients as a cross between PR consultants and merchant bankers, who is to check the books?

Markets

All things considered, the London market's 23-point fall on the FT-SE yesterday represented a pretty good effort. In a week dominated by currency movements, trade-weighted sterling ended at a peak of 77.4, compared with 74.8 on Monday morning. Again, Wall Street had done another of its duck-dives on Tuesday night, and what market-makers would want to go home long of stock on a Friday, given the risk that New York might do it again after London's close?

But though sterling is still a worry, Glaxo and ICI took another canning yesterday - it is difficult to believe that it is really rampant. For a start, the week's close of just below DM3.08 was still consistent with a broad range of DM3 to DM3.10, which was what many analysts guessed at when sterling was first turned loose on Monday. Perhaps more important, the Chancellor said this week that he did not think sterling's present level was sustainable. Mr Lawson's views are always valuable, but especially so when he has up his sleeve the means to send sterling all over the place in three days' time.

Eurotunnel

Nobody ever pretended that Eurotunnel would behave like a normal share, yet its capricious movements since December's sticky flotation still take some explaining. After an unexpectedly severe plunge from the 350p issue price, the stock has now recovered to the starting point in two dramatic and apparently random shifts. The 20 per cent rise over the last week or so is particularly mysterious. The recent announcement that both tunnelling machines are finally making infinitesimal progress towards each other offers a partial explanation at best, as does the lifting of the 90 day restriction on US buying.

Austrian Chancellor tells his country to confront Nazi past

BY JUDY DEMPSEY IN VIENNA

MR FRANZ VRANITZKY, the Austrian chancellor, yesterday called on Austrians never again to permit the annihilation of their state. He spoke as the country solemnly commemorated the 50th anniversary of its annexation by Nazi Germany.

Flags flew at half-mast and in the historic city of Vienna a solemn cathedral service was held. Hundreds of pedestrians observed a few moments' silence to mark an event which most Austrians had long ago swept under the carpet. A minute's silence was observed in factories and schools.

Mr Vranitzky and President Kurt Waldheim led the Government and both Houses of Parliament in a similar act of remembrance, but only a few cars heeded an appeal to stop.

President Waldheim, whose wartime activities have alerted world opinion to Austria's part in the Second World War at the side of Germany, was a silent bystander at all of yesterday's ceremonies.

His plans to give a major address were dropped because of surviving controversy over his role in the German army. He laid wreaths for the victims of the Nazis and for the resistance at Heidenplatz in the centre of Vienna.

He apologised in a nationwide television address last Thursday for crimes committed by Austrians and called for a moral renewal of the country.

Mr Vranitzky said yesterday that Austrians must not pretend that "everything happened without our participation and completely against our will" when German troops marched in 50 years ago.

"Austrians were not merely victims and passive players in a game of history which is decided by somebody else," he said.

They should not regard the recalling of 1938 as an uncomfortable duty that has been forced on them simply because others have begun to criticise them.

Some 10,000 Austrians gathered outside Vienna's town hall, a traditional stronghold of the Socialist Party, in chill weather on Thursday night. They listened to survivors of concentration camps recall the horrors there.

One very young child asked her father: "What does a gas chamber mean?" He replied: "Death."

A teenager said: "We do not know our history. We are not taught it at schools. We know little about the civil war period of 1934 or how many Austrians participated in atrocities. We are puzzled. Our parents prefer not to talk about the past."

The environmentalist Greens, who boycotted the state ceremony at the Hofburg, quietly held their own remembrance ceremony outside Vienna.

They gathered at the former concentration camp at Mauthausen, near Linz, where more than 100,000 people died.

Further official ceremonies will continue this weekend when Austrian politicians continue to stress the need to come to terms with a past that has left many bewildered and confused about what really happened in 1938. Picture, Page 2

THF discusses hotel group bid

BY CLAY HARRIS AND DAVID WALLER

TRUSTHOUSE FORTE, the world's largest hotel group, was last night in takeover talks with Kennedy Brookes, the fast-growing UK restaurant and hotel company. At last night's closing price, Kennedy Brookes had a market value of £167m.

Talks are expected to continue over the weekend. As they proceeded yesterday, Mr Horrocks, THF's chief executive, delayed a planned departure for Japan.

If negotiations are successful, Kennedy Brookes would add some of London's best known restaurant chains, including Wheeler's and Mario & Franco, to THF's expanding catering division. This already encompasses the Little Chef and Happy Eater roadside restaurants as well as the Cafe Royal.

Kennedy Brookes's total of 1,600 hotel rooms - all bought in the past year - is dwarfed by THF's 21,000 worldwide sum. However its Londonderry would give THF a second hotel in London's Park Lane, site of its UK flagship, the Grosvenor House. Kennedy Brookes also owns the

Howard on East 56th Street in Manhattan.

In the seven years since it joined the Unlisted Securities Market, Kennedy Brookes has snapped up a variety of small chains. It owns such established names as Bortorelli's, Lockets, well known as a haunt of lobbyists lunching with MPs, and Cafe des de Vin. It also holds the UK licence for Maxim's.

After soaring 88p on Thursday, Kennedy Brookes shares yesterday added another 3p to 391p. THF shares closed 9p lower at 321p.

That his passport be retained by the police but may be released to him for the purpose of travelling abroad, subject to him giving the police a written itinerary of his travel plans not less than 24 hours before he collects his passport, and to him returning his passport to the police within 24 hours of his return to the UK.

That he does not apply for any other passport.

That he notifies the police in advance of any change of address.

The charges against Lord Spens allege that: On or about May 6 1986, "at a time when a person was acquiring or proposing to acquire 2,150,000 shares in Guinness plc," he aided and abetted the giving of financial assistance by Guinness, namely the payment by Guinness of £7,614,882 to Henry Ansbacher & Company Ltd, for the purpose of enabling Ansbacher to fund the acquisition.

On the same date, when a person had acquired 2,150,000 Guinness shares, and a liability had been incurred by Ansbacher, he aided and abetted the giving of financial assistance by Guinness - the £7,614,882 loan to Ansbacher - to enable Ansbacher to discharge the liability.

On the same date, dishonestly and with a view to gain for Ansbacher, he falsified a document made or required for accounting purposes, namely a letter from Ansbacher to Guinness.

Between April 1 1986 and December 31 1986 he conspired to create a false or misleading impression as to the market in, or the price or value of, Guinness shares.

At the prosecution's request the magistrate, Mr William Robins, imposed four bail conditions: That Lord Spens undertake not to contact any present employee of Ansbacher.

On Thursday, Congressman Jack Kemp of New York pulled out of the Republican race, but failed to win a

single delegate in this year's elections.

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BAe to cut 15% of jobs in weapons division

By Michael Dimes, Aerospace Correspondent

BRITISH AEROSPACE is to cut by the early 1990s more than 2,700 jobs - 15 per cent of the total - at the Dynamics Division, the company's guided weapons development and manufacturing arm.

The plan follows a reorganisation of the division and a review of current and future workloads. BAe said last night that the reduction would be achieved largely through natural wastage, retirements and other leavers.

Retraining and relocation of personnel will also be offered. No redundancies are intended, and it is not planned that any employee will be compulsorily out of work," the company said.

The review of the Dynamics Division is part of an analysis of the efficiency of BAe initiated by Sir Raymond Lygo, chief executive, with a view to cutting costs by one-third by the early 1990s.

The division accounts for 18,700 of BAe's 75,000 workforces. It builds such guided weapons as the Rapier 2000 short-range anti-aircraft missile, the Alarm air-to-ground missile and the vertical launched Seawolf submarine anti-missile weapon.

These were providing considerable current activity but the workload for the late 1980s was "unsatisfactory" because of project delays and international budgetary constraints, BAe said.

As a result, the division is to streamline its operations at various sites to try to make the best use of resources and to improve competitiveness.

Bracknell, Berkshire, will continue to be an important engineering and design centre, although some work, such as underwater systems, will be transferred to Bristol, which will remain "an important engineering centre" of the division.

Hatfield, Hertfordshire, will continue as a prime engineering base, while Luton, near Bolton, Lancashire, will remain the largest divisional manufacturing centre, with some short-term reductions in manpower but improved long-term prospects.

Plymouth, Devon, will continue as a manufacturing and engineering centre, with strengths being maintained at about the current level. At Stevenage, Hertfordshire, where Army weapons are built, the workload is high but some staff cuts are likely in the immediate future.

At Weymouth, Dorset, the main building will be closed and activities relocated to Bristol.

Lord Spens was arrested at his home at Fritton, Kent, early on Thursday by officers of the Fraud Squad team investigating the Guinness affair. He faces four charges: one of conspiring to create a false market in shares, one of false accounting, and two of unlawful financial support of share dealings.

Yesterday, Miss Elizabeth Glover, prosecuting, asked that he be remanded until April 12 - "the next remand date for the other four defendants charged in connection with this matter."

They are Mr Ernest Saunders, former chairman of Guinness; Sir Jack Lyons, the millionaire financier; Mr Roger Seelig, the former Morgan Grenfell corporate finance director, whose last appearance at Bow Street was on November 3; and Mr Gerald Ross, chairman of Haron Corporation, who was last in court on November 6.

Lord Spens was remanded on bail on two sureties of £250,000 each - the same as his co-accused. His sureties were Mr Alan Lewis, chairman of Iltingworth Morris, the Bradford textile company, who chaired a Conservative Party fund-raising committee in the run-up to the last general election, and Mr Charles Longbottom, former chairman of Seacope, a Lloyd's insurance broker and ship broker which is part of the Ansbacher group. Mr Longbottom was a director of Ansbacher from 1982 to 1987.

Between 1980 and 1986 he was the Conservative MP for York.

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single delegate in this year's elections.

On Thursday, Congressman Jack Kemp of New York pulled out of the Republican race, but failed to win a

Lord Spens on £500,000 bail

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LORD SPENS, the fifth man to be arrested and charged with criminal offences in the Guinness affair, was remanded until April 12 on £500,000 bail when he made a brief appearance at Bow Street magistrates court in London yesterday.

Before entering the court, Lord Spens, former head of corporate finance at Henry Ansbacher, the merchant bank, said: "My conscience is quite clear. My head is high. We will fight these charges."

He left court saying: "No comment."

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Table with columns for RISES and FALLS, listing various stocks and their price changes.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities including London, New York, Tokyo, and others.

City Merchant Developers plc

(formerly Rivlin PLC)

Substantial growth in profits, earnings and net assets.

Preliminary Results

for the twelve months ended 31st December, 1987

Table showing financial results for City Merchant Developers plc, including profit/loss on ordinary activities, taxation, and earnings per share.

Over the week the D-Mark has strengthened against the franc from FF3.350 to around FF3.40. The French currency had thus been forced close to the bottom of its allowable trading range, FF3.43.

Analysts said nervousness about the April presidential elections in France was another reason for the franc's weakness and there did not appear to be a pressing economic reason to justify a readjustment of the EMS.

The pound closed at DM3.0776, compared with DM3.0675 on Thursday, and at \$1.8530 (\$1.8425). The Bank's trade-weighted sterling index closed 0.3 points up at 77.4.

Janet Bush in New York adds: On Wall Street, equities traded quietly in the wake of Thursday's 48-point drop in the Dow Jones Industrial Average.

At mid-session it stood 9.12 points lower at 2,016.91. Dealers said the decline had heightened caution about pushing the market higher but had not seriously undermined belief that equities were set to move gradually higher.

City Merchant Developers plc 70 Fleet Street, London EC4Y 1EU Telephone: 01-553 6565. Telex: 924369. Fax: 01-583 2007.

WEEKEND FT

Saturday March 12 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Benicasim was a seaside village 25 years ago. Now, it thrives on tourism - but at a price.

David White reports

ONCE UPON a time, and not so long ago, there was a village in Spain, next to the sea. Benicasim was a matter-of-fact sort of place, living people, market gardens, it was never the most picturesque of Spanish towns. Nor is it today the most deplorable example of developers' concrete madness; Spain has worse. But it is as good a record as any of the kind of changes the past 25 years have brought in this country.

The tidal wave has been the transformation from an agrarian-based economy, prosperity, the freeing of strict social mores, the decline in influence of the Catholic Church. Spain's metamorphosis is much more than political: it is also social, economic, moral and educational. It has taken place over a longer period than the 12 years since the death of Franco, but has still been extraordinarily rapid - probably more than in any other country in Europe.

The whole structure of society has altered. An emerging service sector produced a new middle class, more in contact with the outside world. The mutation was fundamental to the political change that followed. The economic and social process began well back in the Franco period, but Francoism was incapable (although it tried) of keeping up with it.

Agriculture accounted in 1960 for 41 per cent of jobs in Spain, compared with about 15 per cent today. Gross domestic product per capita was \$300 and is now more like \$3,000. There was one car for every 100 Spaniards. In places like Benicasim, a car was "someone." Now, there is one for every four.

Nowhere is the change more obvious than on the Mediterranean coast, which took the brunt of the tourist boom. Spain's foreign tourists have multiplied tenfold in the same period. Here, the face of the country has literally been transfigured. Benicasim's tomato patches have yielded unimagined wealth. It has got all the benefits and all the drawbacks. Its big asset is its beach, where a smart new promenade is being built - but where buildings up to 18 storeys cast shadows in the afternoon. In 25 years, Benicasim has become rich and ruined.

The village proper stands back from the beach. The railway track runs between it and the area still known as "the villas." The chief railway engineer was the first to build a summer home 100 years ago. A dozen others followed, and there was some pretence to becoming the Biarritz of the Levante. But not until Manuel Fraga's remarkable period as Minister of Tourism and Information did this stretch of coast begin to attract the masses. In an effort to emulate the Costa Brava, it was christened the Costa del Azahar - orange



Spain's rich road to ruin

blossom coast. Since few foreigners knew how to pronounce it, the name never caught on, but the building bug did. In 1960, there were about 300 summer homes in Benicasim; now there are 2,500, plus 12,000 flats and nine camp sites. The resident population has grown from 2,000 to probably 10,000. In August, it rises to 140,000.

In the beginning, people thought the upturn in the town's fortunes would be short-lived, but the boom went on. The old turn-of-century villas fronted by wrought-iron gates and flowering shrubs are still there, but are hemmed in by tower blocks. The original seafront hotel, the Voramar, appears to turn its back on it all. Looking out to the left is a headland; to the right, a long stretch to the factories of Castellón de la Plana. It is built up almost all the way.

Enlita, Allué, started going in the mid-1960s. She came from a well-to-do Madrid family that had always spent its summers in the mountains near the capital. The only other visitors to Benicasim then were the graying seniors from Valencia and Castellón. "We were the first from Madrid," they called us *los Madrilenos*. She and two daughters have kept flats in town and the family reunites there. But her son has no wish to go back, because it is not the same. Her husband, now dead, wrote poems here. She loves it for the lemon-trees in flower. Now there are hardly any more orchards and kitchen gardens. The motorway behind the town cut through the almond and orange groves. The front was wild fig trees and allotments with

tomatoes, oranges and earth-almonds for making milky *horchata*. From Benicasim to Castellón was paddy-rice. Chairs would be put out in the street to display produce for sale.

The first foreigners were wealthy Nor-dics. Some, according to Father Francisco Baus, the parish priest, were "weird cases." Then, there were hordes from France. Now the biggest elements are Italians in the early summer and, later on, Germans. ("Terribly ordinary Germans," says Enlita Allué. "They speak German everywhere. They must think that in Spain people normally speak German.")

Another daughter, Mariem, who now lives in England, was the first to sport a real bikini, in or around 1963. She had come back from northern Europe on a holiday. Her reply when challenged by the priest became a minor scandal. "How-hey," says Esther Baus now, "it was a bit odd." He has since become used to seeing behaviour and fashions no different from other places in Europe. He believes television has had more to do with it than tourism. He still fills the 18th century church which, apart from an old watch-tower on the beachfront, is just about Benicasim's only monument, but complains that young people have "no profound education in the Christian faith." On the other hand, he is pleased that everyone is better off.

Josefa Escoria (Pepita) has watched it all from her grocery and general store in front of the railway station. She did well out of the extra trade but is now being outdone by new hypermarkets nearby. She

says the atmosphere has changed. "It was more familiar. People now are more reserved." Carmen Ibanez, a chemist on the main street, also has mixed feelings. She has been in the same place for 27 years, and bears a strong physical resemblance to Queen Victoria. "Before, everybody would be known by everyone. Now, everybody looks after their own business," she says. She thinks the town looks better, but used to be more typical. "People come from big towns where it is just the same." She likes the new pavement outside her shop, but not the traffic problems it creates in high summer.

The town's smartness is only skin-deep, a cover for less well-maintained backstreets with dismal shops, but someone is doing fine business in expensive paving slabs and street-lights. The painting boom has "dried up" again recently but it is an eagerly-awaited game. Jo Ramon, a Belgian who moved here with his Spanish wife three years ago, used to be in real estate but he saw how the land lay and set up a restaurant instead.

Joaquín Castano came here in 1961 and has been here ever since. He is now the mayor, the third since democratic elections were reinstated. All have been conservative. He defends the way development was carried out. If flats had not been built in the 1960s, tourism could not have flourished. But he accepts that there was little vision of the future. The New Coast Law, drafted by the socialist Government, precisely to prevent new seafront development of the Benicasim sort, "should have been done many years ago," he says.

Benicasim is already too far gone to be within the reach of the new law. It was built back-to-front, with the highest buildings nearest to the sea and houses behind. Between the blocks, mostly of 11 or 12 floors, the beach goes on glimpses - but only intermittently - the mountains known as St Agatha's Needles. It was poor land. The least-favoured son was always the one who got the farm plot nearest the shore. Now, farming makes up only about a tenth of the local economy. The local muscatel grapes used once to be sent by the trainload to Europe, but little of this industry is left. Only a handful of people are involved in agriculture, and most have another activity such as a hotel or a shop.

The inhabitants were happy at any sign of progress, and progress was almost anything that disfigured the countryside. It started with neon lights along the road to the beach. These have now been replaced by pseudo-antique lamp-posts. They are part of a new image, along with the street-signs in Valencian instead of Spanish. At the start of the 1960s, there were no lights and no paved roads in the village. Women would sweep and sprinkle water on the dirt streets. There was no hotel in the village itself until 1964. At night, fishermen's lights could be seen off the beach. They were gone by the 1970s.

The locals took on the habits of the visitors. They learnt to go to the beach. Before, boys would go to swim or to look for small fish, and women not at all. Nobody went to sunbathe. But as the locals changed, so did the kind of visitor. What the town now receives is described

by Agustín Agut, a 61-year-old municipal policeman, as "rubbish tourism" - people who bring everything they need with them and leave only their garbage. A familiar figure when he used to patrol on his motorcycle, he married a Dane and enjoys a critical distance from his fellow townsfolk. He has seen everything since the civil war. He still cannot get over the fact that a prime 3,500 square metre site in the middle of the seafront once changed hands for just 200,000 pesetas.

Many smallholders sold out before land values rocketed, earning just enough money to build their own house, buy a car, or set up a bar or a shop. More was made by those who bought from them, or those lucky enough to have several plots of land. First among these is Juan Bonet. His grandfather was a tenant farmer who managed to buy his own land, a swathe from the mountains to the sea, to work it. Bonet's father continued in the same spirit until his son persuaded him to turn a vineyard into a campsite. The plot in front of "his house, where his father tried successfully to grow oranges, melons and his tucuses, now the municipal sports ground. Bonet built and sold flats and houses. He owns a big discotheque. "I was quite daring and did a bit of everything," he says.

He agrees that errors were made, that there was a lack of planning, that the prevailing spirit was one of quick money. The town should have more hotels, and work in the winter, but the result is still positive. "People here have not missed the train completely. Everyone lives better."

Manolo Beltran counts himself among the young people of that transition generation who saw the future that the beach held in store. He came from a modest Castellón family which had a house in Benicasim where it would sometimes rent out rooms. At 16, he started work as a bookkeeper in a warehouse. At 19, he was doing his own business. A bit of land and a small loan were enough to start. He built 25 flats. Now, with a sideline in his main activity, an orange export company which he runs with a Swiss partner, with a turnover of about \$20m a year.

He had a good time of it, not least because his late teens coincided with the "epoch of the Swedish girls." It was then, the first wave of foreign influence in Benicasim, that sex became a real possibility. "There were 10 of them and 100 of us," he recalls. "So they could choose." There are foreign girls by the thousand these days but, for his 18-year-old son, there is nothing particularly exciting about them. There are also Spanish girls, in the old days, the ones with the youths would stand around hoping to get somewhere with the "senoritas" from Madrid but would be treated as peasant boys.

Says Juan Bonet: "I don't have any nostalgia at all. There used to be two classes, the front row of villas and rest. Now, it's more equal." With the two classes went two localities. "Girls from the village could not go out with their boyfriends except on the main street in full view, or else they would be denounced from the pulpit. At the same time the daughter of Dona So-and-so could go about in the shortest shorts." The biggest change, he says, has been the levelling between locals and visitors. "Now, nobody considers himself inferior to anybody. Before, they thought they belonged to an inferior class to the people who came to the beach."

The gap has been bridged in one generation. The people of Benicasim have come up in the world. Some say it has cost the price of their souls, but few of its inhabitants - not even the priest, and certainly not the promoters - question seriously whether it could, or should, have happened in any other way.

The Long View

Lawson's Budget: read all about it

● The following document, apparently a draft of next week's Budget speech, has kindly been sent to me by a reader who found it on a London-Brussels flight. It is thought that it was en route for a meeting by Lord Cockfield at the European Commission. It is likely to differ from the final version because of last-minute redrafting by the Chancellor's economic and political advisers. — B.R.

I PRESENT my Budget statement this year against an unusually favourable economic background. Growth in GDP was almost 5 per cent for 1987. Real incomes have risen substantially and, in contrast to the pessimistic expectations of the frequently short-sighted economists in the City of London, inflation has actually fallen over the past year.

There is, it is true, a price to be paid for this, at a time when many of our trading partners, especially in Europe, are suffering from economic recession and therefore provide less buoyant markets for our exporters. The balance of payments has moved into an apparently large deficit, as was highlighted by the £905m current account deficit for January.

I would like to point out, however, that as a result of economies made in the Central Statistical Office several years ago as part of our strategy for regaining firm control over government spending, the quality of the data has seriously declined. I notice that the usually perceptive economists of the City of London are now arguing that the external deficit is much less than it seems.

These are, in any event, the problems of success. More than ever, the economic outturn of 1987-88 serves to prove that holding back the public sector can make room for the private sector to surge forward. This has had the satisfactory effect that, while

Showing neither fear nor favour, Barry Riley seizes a fortuitous chance to steal a march on those who think they know what the Chancellor will say



posing as a tax-cutter, I have in fact been able to preside over a tax-collecting bonanza. Certainly it is true that foreigners are unperturbed by the trade returns and are investing in sterling with considerable enthusiasm. There are those who say we have changed our policy in the past eight days: that having struggled for many months to hold sterling below DM3, we have finally given up the fight. This is,

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sure from the Bank of England to raise interest rates as a counter-measure, most recently last month. But high money rates have stimulated demand for sterling and our unofficial policy of shadowing the DM has become untenable.

One alternative Budget strategy in effect this year would have been to take a very cautious fiscal line. By running a large surplus I could have offset the tendency of the economy to overheat while, at the same time, allowing scope for interest rates to fall, thus taking pressure off the pound.

However, this would have had a fundamental drawback. It would have left me with no scope to cut taxes. It is a matter of common gossip in the corridors of this House that this is likely to be my last Budget. And I have made amply clear in the past, for instance in my Budget speech a year ago, that my long-term objective has been to reduce the basic rate of income tax to no more than 25 per cent.

The fact is that I cannot any longer afford to delay unless the credit is to be taken by the next Chancellor. Furthermore, my resolve has been stiffened by certain discussions I have had with a neighbour in Downing Street.

The logic with higher rate taxes is equally compelling but a little different. Before a general election, a Conservative Chancellor must use his available resources to bribe Labour voters to vote Tory. It is only immediately after an election that he is in a position to reward loyal Conservative supporters.

A further important argument in favour of cutting higher rate income taxes is that the effect on consumption will be relatively small. Tax cuts for the wealthy will cause the currently exceptionally small savings rate to rise. On the other hand, when impecunious people are granted

tax reductions, they have a dangerously high propensity to spend the money. I am not, however, applying other offsetting curbs. This is the significance of the unaccepting of sterling last week: it allows me to tighten monetary policy, and I can report that the Bank of England is this afternoon stimulating market forces in a manner which could well lead to a rise of one percentage point in bank base rates.

This policy in turn has drawbacks. At a time when our foreign trade is already in serious deficit, there is the possibility of introducing destabilising forces into the economy. Sterling could soar, and then collapse back again. However, if we share the burden of the US deficit, this will soothe the feelings of the Americans over my past criticisms of them. In any case, I shall be able to blame the next Chancellor for a future foreign exchange crisis.

There will also be the usual outcry from the Confederation of British Industry. However, the response of British industry to the stable and relatively low level of sterling over the past year has been to concede sharply higher real earnings to employees. While inflation has gone down, earnings growth has accelerated. This is tolerable before a general election but not afterwards.

The latest policy modification is, therefore, a reminder that this Government will not put up with management softness. British industry is forever calling for stability of exchange rates, but never applies the logic of that to its pay awards especially, if I may say so, to those involving top managers.

I now turn to my detailed tax proposals, beginning with the most important question of all, that of harmonisation of VAT on children's apparel.

● To be continued next week.

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MARKETS

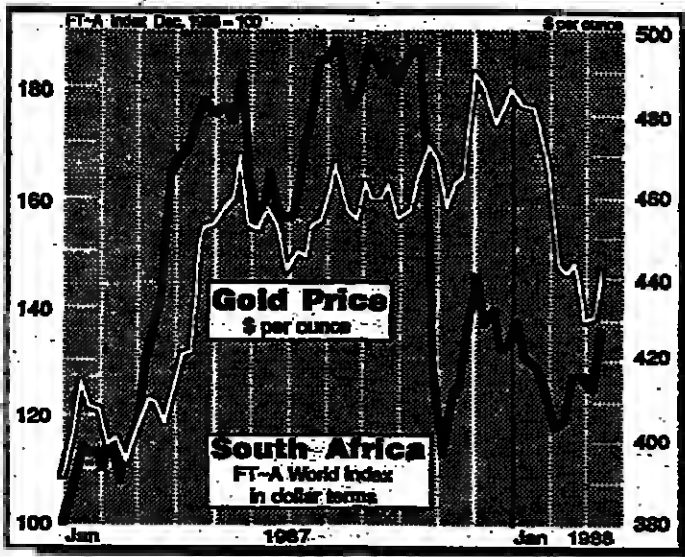
Johannesburg faces a loaded golden gun

NIGHT AFTER night of television coverage of floods devastating vast areas of the Orange Free State, Natal and northern Cape has distracted South Africans from a potentially greater problem - a crumbling gold price. For, if some analysts are right, gold's performance could devastate the economy and stock market more than the floods.

South Africa

Summer rains had started well enough towards the end of last year, falling at just the right time to promise bumper crops in drought-hit maize lands. At the same time gold was heading towards \$500/oz and almost every indicator pointed to a year in which South Africa might buck the recessionary trend threatening the rest of the world. But as the rains have turned to floods, carrying away over a billion rands of crops, roads, houses, bridges and dams, gold's recent drop below \$430 has added to the country's woes, even though the metal's price recovered partially this week.

In January the trade surplus dropped to R560m from December's R779m. If this persists there will be question mark over the country's ability to service its foreign debt, let alone repay loans on the three-year schedule



agreed with foreign banks last year. Last year the South African Reserve Bank used an average gold price of \$500/oz to calculate the country's ability to repay its foreign debt, and every \$10 fall below that level cuts foreign exchange earnings by about \$300m.

Interest rates, which have dampened the stock market, are already rising and are likely to go higher if the domestic economy is reined in to curb imports. On Tuesday this week the Reserve Bank raised its bank rate by one percentage point to 11.5 per cent and was followed by the commercial banks. Not surprisingly the Johannesburg Stock Exchange (JSE) has fallen this year after initially recovering part of last October's losses. The all-market index had peaked at 2,804 on October 19 and plunged 40 per cent to the year's low of 1,675 on November 5. The subsequent recovery, which came with gold's advance towards \$500, lifted the index to 1,880 on January 7

before the rot again set in. By late this week the overall index was in 1,640 territory, with some stockbrokers talking of a three-year bear market.

Mr Mike Brown of broking firm Davis, Borkum, Hare is pessimistic. "The market was grossly over-valued back in October after a five-year bull run and the correction since then has not yet resulted in yields with which investors are comfortable." At present the market's overall dividend yield is 5.0 per cent and Mr Brown believes that the market could stabilise when prices drop another 10 per cent or more and yields reach a "comfort zone" of 6 per cent. At that point investors can wait comfortably until other factors, such as a gold price rise, give the market new direction.

Mr William Bowler, research director of Ferguson Brothers, takes a less dismal view. He believes that the market has reached its bottom, though he is reluctant to say when the indices will recover. Fundamentally the JSE is not performing because of gold's weakness and because other stock markets are rising and offer better value to foreign investors. If mining analyst Mr Keith Bright is correct, recovery is several years ahead. He fears gold could drop below \$350 as new mine production from half a dozen countries adds to the present over-supply and as investors

Country	FT-ACTUARIES WORLD INDICES	
	% change Jan 1988	% change Oct 1987
Australia	+9.6	-36.7
Austria	-5.9	-17.9
Belgium	+40.4	+17.0
Canada	+6.8	-4.5
Denmark	+6.4	-4.5
France	+2.7	-15.8
W Germany	+10.7	-21.8
Hong Kong	+14.9	-31.4
Ireland	+15.2	-34.7
Italy	-8.1	-32.9
Japan	+21.4	+6.5
Malaysia	+6.5	-29.9
Mexico	+44.7	-60.9
Netherlands	+9.9	-8.1
New Zealand	+5.9	-43.2
Norway	+12.4	-38.4
Singapore	+15.5	-28.7
S Africa	+5.5	-38.2
Spain	+14.5	-17.3
Sweden	+25.5	-11.9
Switzerland	+6.7	-18.5
UK	+8.5	-11.5
USA	+8.3	+5.3

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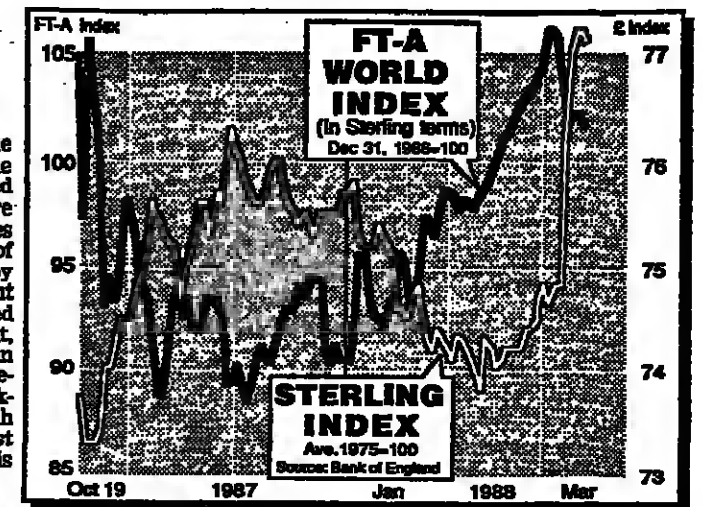
affirm their preference for income-producing investments, rather than gold.

Of course, the gold price does not single-handedly determine the direction of the Johannes-

burg market. About half of the market's capitalisation is made up of mining or mining-related stocks, and their earnings are being squeezed by cost increases which increased the rand cost of producing each ounce of gold by 22.5 per cent last year. Mr Bright expects cost increases to exceed inflation by at least 2 per cent, with little prospect of the margin narrowing though mine revenues will be protected by a weakening exchange rate. South Africa is no longer a low-cost gold producer, and the position is worsening.

Mr Richard Stuart, a director of Martin & Co, concurs about gold, adding that mobilisation of above-ground reserves threatens the price. Taking a more local view he sees the present malaise of the JSE as being partly derived from the market's relatively few participants. Fund managers are reluctant to commit funds to the market and this has sharply reduced the market's liquidity. In the frantic trading of last October's crash the daily turnover of the JSE regularly exceeded R100m. Lack of interest these days has cut turnover figures to between R20m and R30m.

Local institutions are, in any event, keeping their investment powder dry, Mr Stuart says, accumulating funds likely to be needed when the Government's privatisation programme gets under way. They are no longer attracted to comparatively speculative new issues, which flooded onto the market last year, and many blue chip companies can be bought at present on comparatively low prospective price/earnings multiples and high dividend yields.



However, while new issues have dried up, there is plenty of fundamental value in the market, Mr Stuart believes. De Beers, which fell from R60 to R22.50 when October's crash raised the spectre of world recession and crumbling diamond sales, has recovered to R28.50 and could go further if reports of record diamond sales at the February 22 eight prove correct. Nevertheless, no-one is prepared to bet on perceptions of fundamental value lifting the market. As usual the JSE is only likely to develop a head of steam when everyone believes that gold has bottomed and can sustain any price advance.

James Jones

The perils of the programme

AFTER THE events of the past two weeks, there can be few investors left unspooked about the malign effects of programme trading. The sudden 48.24 point collapse of the Dow Jones Industrial Average on Thursday exactly mirrored the equally unaccountable 48.41 point surge on Monday of last week. With the rollercoaster ride completed, the stock market was back by yesterday lunchtime to precisely the point where it had taken off on Friday two weeks before.

This seemingly pointless gyrations, in addition to separating more speculators and investors from some of their money, established three important facts. First, it demonstrated beyond reasonable doubt that computerised programme trading remains an enormously powerful influence on short-term movements in stock market prices, as well as a major threat to stable investment

conditions on Wall Street. The evidence may be circumstantial, but it is becoming irrefutable. Between October last year and January this year, there were 11 days when the Dow swung by more than 75 points in one direction or the other. The most recent days of such extreme volatility were January 4, when the Dow jumped 76.42 and January 8, when it collapsed by 140.58.

In response to these horrors, the New York Stock Exchange introduced curbs on programme trading in mid-January. From January 15 onwards it banned programme traders from using its computer system on any day when the Dow moved up or down by 75 points or more. Lo and behold, the 75-point swings in the

Wall Street

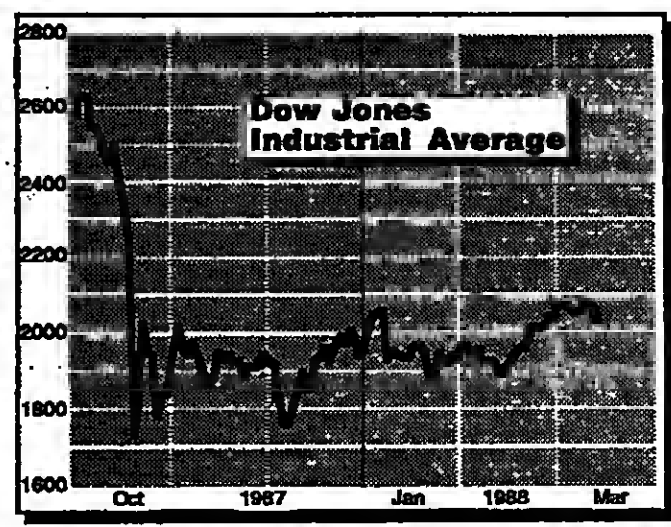
Dow, which had become an almost weekly occurrence, suddenly vanished without trace. The biggest daily movement since January 15 has been a fall of 57.20 on January 20. On February 4, the stock exchange moved a step further and stopped programme trading after a 50-point swing in the Dow. Surprise, surprise, there has not been a single day since February 4, with a swing of 50 points on the Dow.

In fact, the market moved as if the 50-point range were a constant not only on the computer programme, but also on all human investors. The biggest oscillations have been a jump of 47.58 on February 10, another advance of 48.41 on February 29 and then Thursday's fall of 48.24. Given that there was no significant follow-through after any of these gyrations, it seems quite possible that the market's volatility could have been reduced even

further - say, to 25 points a day instead of 48 - if the range for programme trading had been narrowed from 50 to 40 points.

What does this matter to anyone interested in longer-term investment, rather than day-to-day speculation? It matters because extreme price volatility has made many people think twice about putting their money into the stock market. The stock market has come to be seen as an arena for commodity-type speculation. The result has been to frighten away many investors, including even some of the institutional fund managers.

In the long run, this kind of fear about the stock market's stability could have a seriously adverse effect on equity prices. In the immediate future, however, the impact may be perversely beneficial. By keeping investors nervous, the volatility is probably helping to forestall the



build-up of complacency which is to signal the next downward leg of the bear market.

This leads to the second important lesson. Thursday's sudden drop in equity prices demonstrated that the apparent revival

of confidence on Wall Street was about as firm as President Reagan's grasp of how to balance the US budget. Despite all their brave talk about the regeneration of US manufacturing industry, about the impossibility of a recession

and about the huge profits which are still to emerge from ever more audacious takeovers and corporate restructurings, the bulls remain terrified. They head for the hills at the first whiff of a bear raiding party.

The bulls' skittishness does not bode very well for medium-term prospects, either in the equity market or in the US economy at large. At this late stage in the business cycle, confidence among consumers, even among stock market investors - can be an all-important factor in determining how long a geriatric economic expansion is able to survive. However, viewing the stock market in isolation, and doing so against a shorter time horizon, the palpable nervousness among investors is not, perhaps, such a bad sign. It suggests that share prices may have a good way further to rise before the next stage of the bear market begins.

This brings us to the third implication. Although the Dow is back more or less where it was two weeks ago, it remains well

above the 2,000 barrier, which it had been struggling to breach throughout most of the post-crash period. The technical analysts believe that the real test for the market is likely to come only when the pre-crash levels of 2,250 on the Dow and 280 in terms of the broader Standard & Poors 500 index are within investors' sights. For once the fundamental economic arguments point in the same direction as the technical analysis. It will probably take a month or two for the stock market to gather the courage for an attack on those levels. By that time the economic outlook for the US and the world may be clearer. If by then a recession becomes visible on the horizon, or the improvement in the US trade performance shows signs of stalling, the next - and worst - stage of the bear market will be ready to begin.

Monday	2086.26	- 1.49
Tuesday	2081.07	- 24.79
Wednesday	2074.27	- 6.80
Thursday	2068.03	- 48.24

Anatole Kaletsky

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BUSINESS EXPANSION SCHEME

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John Edwards on what Mr and Mrs Average want from the Chancellor on Tuesday Chesters chew over the family Budget

IT'S GOING to be a smasher of a Budget this year. The election shakles are off the Tories, the Government's income is higher than it could have hoped in its wildest dreams, and this could be Nigel's last chance to make his name as a reforming Chancellor before he clears off to the Foreign Office or something. That's what all the pundits are saying in the City - next Tuesday's going to make everybody...

"Oh do shut up Bernard," admonished his wife, Elaine Chester, fearing that their quiet family lunch was going to turn into a discussion about money, something she wanted to avoid at this stage, having just had a slight accident with the car.

Her fears were well founded. Robert, her husband's younger brother and a financial adviser, was quick to respond to Bernard's pontifications. "You pundits in the City have no more idea about what the Chancellor is going to do than anyone else," he scoffed. "I bet my predictions will be just as good if not better."

"One certainty is that cigarettes and booze are going to cost



The family Chester... from left, merchant banker Bernard (married to Elaine), Penelope (Elaine's sister), Robert (financial adviser and Bernard's younger brother), Stephen (Bernard and Elaine's 12-year-old son, at a minor public school), David (49-year-old marketing director - earning £30,000 pa - of an engineering company), Gerald (David's elder brother, who looks over the family estate agency), Elaine (married to Bernard), Hugh (retired, father to David and Robert), Kathleen (Hugh's wife), Helen (eight-year-old daughter of Bernard and Elaine), Bridget (another of Elaine's sisters, a 29-year-old unmarried career woman), Alice (Elaine's widowed mother, who lives alone in Hampshire) and the cat, Lawson.



Robert: predicting cuts in income tax

more after the Budget, and possibly petrol too. Nigel has a record of giving with one hand and taking back with the other.

"He's virtually committed to reducing standard rate tax by 2p to 25p in the £ and cutting the top rate from 60 per cent. But he might introduce new intermediate bands to boost revenue and use his favourite ploy of boosting indirect taxation that no-one notices so much. He could take the ceiling of national insurance contributions and I reckon he will extend VAT as well though not too far, because it would look like he was giving in to the European Community, and that wouldn't please the PM."

"He's also got to do something about personal equity plans, or the whole thing will wither away and die. It's already been an almighty flop and he won't like to have that kind of failure on his record. Some of my clients took an awful battering in October by not listening to my advice to get out of the stock market, and he's going to have his work cut out to get them back in again. Something really new will have to be thought up."

"If you will insist on talking about the Budget," said Elaine's sister Penelope, "I think the best thing that Mr Lawson can do is to stop discrimination against

women and married couples. That's what I'm looking for. It's a scandal that wives can't be taxed separately on their investments and that unmarried couples have double mortgage tax relief. That hussy down the road reckons she is saving at least £50 a month by not marrying the father of her children, if he is the father."

"You've touched on a sore subject there," said Gerald Chester, David's elder brother, who took over the family estate agency business when his father retired. "Nigel's already given some pretty broad hints that he wants to do something about couples living in sin - it does fit with the Tories' newly discovered reverence for the family and Victorian values. But, once he gets going, the Chancellor might have a go at another anomaly - tax relief on mortgage interest - which could create all kinds of hell in the property market. Things are still looking a bit dicey after the stock market crash, in our area around Surrey at least because we're in stockbroker hell. Scrapping or limiting mortgage tax relief would be a real blow. It might be all right to cut higher rate tax relief on mortgages, but if that happens the ceiling of



be should be really radical and do something like the Americans. Bring in a single, low rate of income tax and scrap all the allowances and dodges that mainly provide work for accountants.

"Instead of tinkering around with different tax bands, he'd do better to get rid of the lot of them - all the distorting incentives that have been built up over the years around different forms of investment. Is it fair, for instance, that you get tax relief if you invest in shares indirectly through a pension fund, but not if you do it direct? That doesn't encourage small shareholders."

"And while he's at it, he should get rid of capital gains tax, stamp duty and all the other nonsense that surround investment. Capital gains tax is the worst. It costs a fortune to collect, is incredibly complicated and only paid by a small number of people. Yet it does a lot of harm. Get rid of it and you would free up the whole stock market. Give people the chance to get rid of unwanted shares, and other property for that matter."

"Don't touch property, it's been the best investment of the lot over the years," chimed in his father. "My worry is for retired people like your mother and I. If he starts mucking about with tax reliefs we could lose the age allowance and the Government's already failed to keep child benefits in line with inflation, in spite of what they said. What if they do the same with pensions? They're discouraging state pensions already with their so-called pensions revolution. It could be the thin end of the wedge."

"Don't you worry about pen-



Penelope: hoping for an end to discrimination

£30,000 should be raised. It's way out of date."

"That's right," said Bernard. "But the property market has gone mad in recent years and something has to be done to cool it down and switch investment into something more productive like shares. If the Chancellor really wants to be remembered

sions, Dad," said Robert confidently. "The Chancellor may have a go at the life insurance companies, who he seems to dislike for no good reason. But pensions should be safe for the time being at least. It's a way of channeling money to the stock market and they're no longer going to be monopolised by the insurance companies. Personal pensions are going to be a huge market."

"Well let's see what we've got," said Stephen, Bernard and Elaine's 15 year-old son, on holiday from school for the weekend.

Grandad doesn't want much from the Budget. Except that pensions are increased at least in line with inflation, and that age allowance and mortgage relief are retained.

Father wants all kind of

things. Capital gains tax and stamp duty scrapped, and a flat rate of income tax to replace the present ranges.

Uncle Robert wants lower taxes too; Peps to be pepped up; and no harm done to the life insurance or pension industries.

Uncle David thinks mortgage interest relief should be extended, even if higher rates of tax relief go.

Auntie Penelope wants fairer treatment for women and married couples.

Mother, I'm sure, would like that too and lower tax rates to help father pay for the car repairs.

As for me, I would like more pocket money from all the tax savings, a new bike and not too much on cigarettes and drink.

"How unselfish can you get?"

Budget race card

Racing certainties	6-1
Increase in personal allowances	Separate taxation of spouses' incomes
Car benefit increase for 1988/89	10-1
Share scheme changes	Abolition of life assurance product advantages
Increase in capital gains thresholds	Abolition of tax advantages of woodlands investment
5-4 on	12-1
2p off basic rate of income tax	Phased alignment of national insurance and tax rules
Events	Phased removal of employees' NIC ceiling
Reduced top rate	Changes to Business Expansion Scheme
Changes in higher rate bands	Changes in inheritance tax bands
Increase in inheritance tax bands	2-1
Withdrawal of mortgage interest relief at higher rates	3-1
"Living in sin" mortgage interest relief abolished	Increase in Personal Equity Plan limits
4-1	100-1
Increase in £30,000 mortgage interest limit	VAT imposed on books
Introduction of transferable personal allowance	Basic rate 30 per cent, top rate 48 per cent

Source: Coopers & Lybrand

The Great Investment Race is widening, but Fiona Thompson finds some cheer for the back markers Enskilda claws back a measure of security



THE GREAT INVESTMENT RACE

"It's wonderful. It means we can sleep again at night," says Diana Barran of Enskilda Securities, with not a little feeling.

The good news is that Enskilda has lifted itself from bottom place in the Great Investment Race league table, albeit if by only one position up to the eighth slot. But more important, it has climbed back from £8,000 below the £25,000 starting stake to reach £56,964.

The nine teams of fund managers have now passed the quarter stage in their long contest to outperform both the market and each other. Their aim is to make as much money as possible, all of which is donated to charity by the race organiser Charity Projects.

"We have learnt from some of our mistakes," says Barran. "We're more prudent, mixing options and shares rather than concentrating just on options. And we've been more active and a bit more aggressive." Enskilda, the investment banking arm of Scandinavian Enskilda, Scandinavia's biggest bank, has been in and out of foreign stocks, concentrating on Sweden, Holland and France and produced a healthy profit on dealings.

The bad news is that someone has to fill the ninth place slot and this month it is Bell Lawrie, the Edinburgh stockbroker. In seventh position last month, Bell's portfolio has slipped to £25,156, according to the WM Company, the performance measurement consultant which is evaluating the race.

"It's Deo Corporation that let us down," says Bell's Alan Henderson. "We had a third place with 6000 shares. We've sold half, making a £1,400 loss. But we still think there is a recovery in it sometime." Bell is sticking to its original policy - to build up a portfolio to run for the length of the race. "We still have Pilkington, which is looking good, and Beecham and Scottish Newcastle are starting to perform. It's been a disappointing period admittedly," says Henderson. "We don't operate in the futures market but we may get more into options."

Three of the contestants have moved into triple figures this month, the Prudential, Nomura and Cazenove. The Pru is holding fast to the number one place, with £115,829 up from £30,225 last month.

"About half the increase is from playing around in index futures," says Trevor Pullen of Prudential, "and the rest from running the bull market. The market at the moment is at a critical phase. The re-alignment of confidence is fragile. We would expect to see it higher but I'm pretty nervous longer-term." The Pru has been bullish on the BM Group, buying 5000 shares to add to the portfolio - including Asda and Wimpy - it hopes to keep throughout the race. This month also notes the first deal the Pru

has reported a loss on. "Our Wellcome put options expired worthless. We lost £5,000."

City stockbroker Cazenove recorded the biggest single increase, jumping from £73,570 to £103,577 and regaining the second place position after losing it last month to Nomura. Cazenove used a lot of the cash it made on the futures market the previous month to deal in individual stocks, making three whopping great profits - £10,000 on Sears options, £7,000 on Templeton Galbraith Hansberger and £6,000 on Hanson traded options, and a number of smaller ones.

"At the moment we are very liquid because of the Budget next week," says Bernard Cazenove. "We only have one very small investment, nothing in the UK. We're looking forward to seeing what Lawson says. There could be good opportunities over the next month. We certainly won't deal as he speaks but we may move in the next day."

Nomura, the Tokyo securities house, is in third place with £103,577. Investing purely in Japan, it has done big deals and making big profits. "We have more confidence in the Tokyo market, it's back to its pre-crash level," says Andrew Jacobs. "We made about £10,000 with an overnight deal on Aichi Toyota, a dollar warrant issue, and we realised our profit about £12,000, on Fuji Denki Bank."

The money gap has now doubled between Nomura and its fellow Japanese securities house, Daiwa, which is in fifth place, unchanged from last month, with £63,095. Daiwa has sold two of its original three Japanese equity warrants and replaced them with two others. "I'm still sticking to a fairly small number of stocks," says Autos Glogowski, "I don't believe in the scatter gun

approach." The ideal number of stocks in Glogowski's portfolio would be one, "but we have taken more to minimise the risk." And as for catching up to Nomura? "I've got a bit more running to do."

Henderson, the independent fund management group, has maintained its fourth position and upped its stake to £70,988. The team has not done any share trading at all, dealing totally in UK and US index futures and gilt/short futures. "We have bought gilts with a view to a pre Budget rally," says Claire Nowak. "We took a fair profit, £3,500, on FTSE put options, and on US Treasury bonds."

She is not discouraged by the widening of the pack. "We are not deterred by the super performances of the first three. Comparing ourselves with ourselves, another £12,500 is fine, splendid."

Capital House, the investment management arm of the Royal Bank of Scotland, has climbed from eighth to sixth position and increased the worth of its portfolio by over £10,000 to £62,049.

"We made nice profits on Shanks and McEwan, AG Archer, TIP and Persimmon," says David Kidd. "We're still showing losses on our Australian gold stocks but they have risen 20 per cent so they are much smaller losses. "We're still quite cautious of the market, and concerned about inflation in the US."

Lying in seventh place with £59,265, Hoare Govett, part of the Californian bank Security Pacific, has not been very active. "We have been sticking to relatively good quality stocks in the UK, trying to make a small profit so that when the Far Eastern markets pick up we can make spectacular gains," says Peter Clark optimistically.

GREAT INVESTMENT RACE HOW THEY STAND

Rank	Team	Value
1	(1) Prudential	£115,829
2	(2) Cazenove	£103,577
3	(3) Nomura	£103,577
4	(4) Henderson	£70,988
5	(5) Daiwa	£63,095
6	(6) Capital House	£62,049
7	(7) Hoare Govett	£59,265
8	(8) Enskilda	£56,964
9	(9) Bell Lawrie	£25,156

Source: The WM Company

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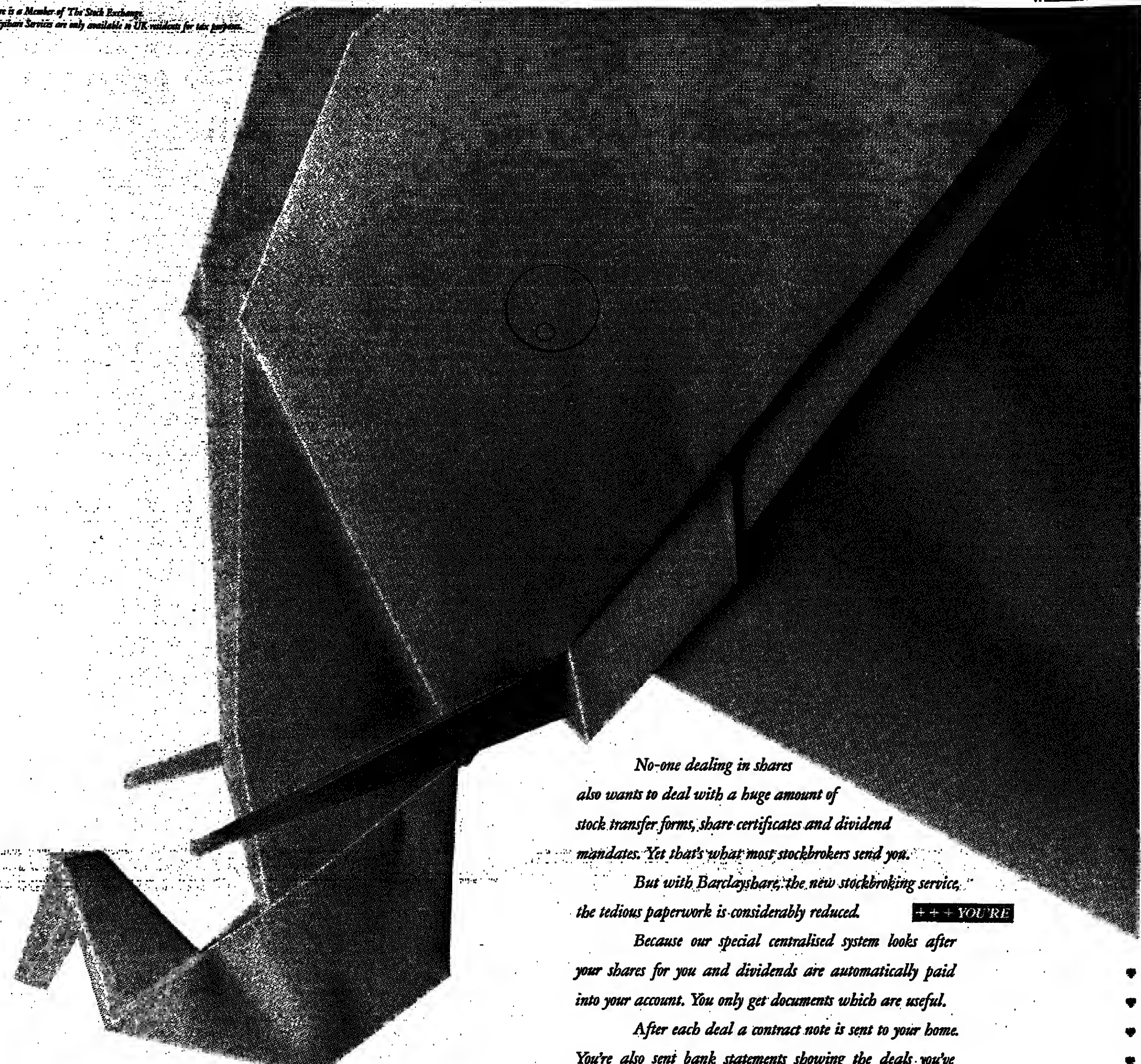
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FINANCE & THE FAMILY

Eric Short considers the advantages of what has been termed the 'in-house personal pension'

Money purchase plan is proving popular

IN PREVIOUS articles on the new pension environment, we have described the State Earnings-Related Pension Scheme (Serps), company final salary schemes and personal pensions.

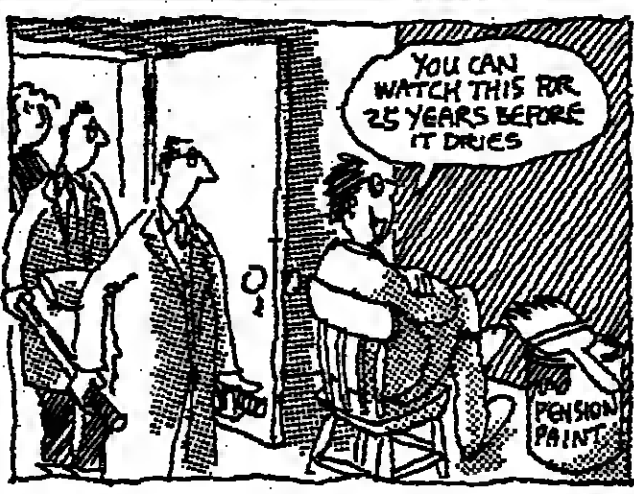
with a non-contributory, final salary contracted-out scheme, but usually the split would be based on the separate related contributions - 2 per cent by employees and 3.5 per cent by employers.

Remainder Contributions and Benefits Because it is a company-based pension scheme, the limits imposed by the Inland Revenue relate to benefits, as with a company final salary scheme, not contributions, as with personal pensions.

This combines certain features of company final salary schemes and personal pensions. It is often referred to as the in-house personal pension, even though such schemes have been in existence for decades.

Employees get tax relief on their contribution, but unlike personal pensions, where it is used to enhance benefits, this relief goes into the employee's pocket by adjusting his or her tax code.

Usually, contributions above the contracted-out level are modest 3 or 4 per cent, with the employee making some contribution. The employer's contribution would be deducted from his gross salary before being taxed.



These restrictions do not apply to what is technically regarded as insured schemes, schemes where the life company manages the investment. Such schemes are only limited by the few restrictions made to life company investments.

Death in Service The employer can arrange a separate scheme to provide benefits to the dependents of employees who die before retirement, with the whole cost borne by the employer.

Heather Farmbrough on the BES's fifth anniversary

Time to take stock

SPRINGTIME eccentricity came to the Business Expansion Scheme this week. The cause appears to be the imminent Budget, and it happens at the end of every tax year approach.

seems to like the scheme, although arguably it could do more to tackle the epidemic of property developers and secured contractors exploiting it.

use the proceeds to exploit publishing opportunities in the leisure industry. It has been trading for three years and made its first profits in the nine months to December last year.

This year, however, there is a strong possibility that top tax rates may come down, thus making the BES less attractive for higher tax-payers.

Although 20th century devices like animated figures, videos, laser discs and snacks will all be part of the venture, the prospectus claims that visitors will be absorbed into the atmosphere of medieval Nottingham from the moment they enter the exhibition.

Protecting saplings from inclement weather seems such an obvious idea that one wonders why everybody isn't doing it. If Alba is successful, it looks vulnerable to the danger that competitors will rush to exploit the technology it has developed.

Has it worked? According to BES Investment Research, over the first four years of the BES, 5202.7m had been invested in 888 companies.

Robbin Hood comes sponsorless but with the backing of £100,000 from North County Council.

Just in case tax rates come down, sparking off a further flood of applications, Johnson Fry has thoughtfully launched the FANTOM BES. Nothing spooky here, however.

BRITISH government bonds, gilts, or British Funds - as the FT refers to them in its London Share Service pages - are effectively receipts for loans made on which interest will be paid.

The government by setting the rate of interest it thinks will attract lenders to accept its bonds, cannot help but influence interest rates elsewhere in the economy.

Undated bonds, of course, carry no redemption yields. Index-linked yields, as the name suggests, are calculated on a quite different principal.

Government bonds are for five years ("shorts"), five to 15 years ("mediums"), over 15 years ("longs"), or undated or index-linked.

Each government bond issued is for £100 and states the duration of the loan (maturity) and the interest (coupon), payable every half year.

Sometimes, a government bond will be marked with a black blob to denote that it is a "top" stock. This means that the Government Broker has kept some of this stock in hand so that he can try to control market trends by offering the stock to the market-maker.

Bond markets are, in fact, secondary markets in loan receipts, just as equity markets are secondary markets in the ordinary shares of companies.

When the bond is redeemable on a stated date the buyer can also expect, in addition to the interest payment, a capital profit if he bought the bond below £100, or a loss if he paid above that figure.

Where can I get truly independent financial advice? That is one of the most common questions being asked and also one of the most difficult to answer.

Government bonds are for five years ("shorts"), five to 15 years ("mediums"), over 15 years ("longs"), or undated or index-linked.

Setting aside the undated and index-linked categories for a moment, the headings of the bond prices columns spell out the information carried.

In theory, the Financial Services Act, to be implemented shortly, should give you a much clearer idea of the kind of advice being offered and also one of the most difficult to answer.

However, the British government has two major attractions for borrowers. First, it is reliable and always pays its debts and the interest on them at the promised date - this earning the title "gilt-edged" for its bonds.

Reading from the left, the first two columns carry the highest and lowest price of the bond over the past year, just as the share price columns do for corporate equities.

These are theoretical objectives, though. So the Burns-Anderson group, headed by Sir John Harvey-Jones, the former ICI chairman, is launching a scheme to recruit advisers as the Network will be restricted to companies which can meet vetting and compliance procedures that will be at least as strict.

Second, because the government is such a massive borrower - in 1986, it raised over £14bn in London - it has great "clout" in the marketplace where the competition for cash is resolved largely by the rate of interest offered to would-be lenders.

Then come two columns headed Yield-Int and Red. These are the columns that matter, because they give the rate of return on the bond on that particular day when it traded at the price quoted.

These are theoretical objectives, though. So the Burns-Anderson group, headed by Sir John Harvey-Jones, the former ICI chairman, is launching a scheme to recruit advisers as the Network will be restricted to companies which can meet vetting and compliance procedures that will be at least as strict.

Terry Byland explains a complicated market

The bond business

Undated bonds, of course, carry no redemption yields. Index-linked yields, as the name suggests, are calculated on a quite different principal.

WHERE CAN I get truly independent financial advice? That is one of the most common questions being asked and also one of the most difficult to answer.

For richer and poorer

New mortgage deals offer special terms to first-timers and millionaires alike

THE Budget could change the goalposts. Meanwhile, players in the mortgage market are limbering up for a fresh game with special deals for pampers (first-time buyers) and millionaires.

minimum loan; and a willingness to lend on a multiple of 2.25 times joint incomes as an alternative to the usual three-plus-one income criteria.

At the other end of the market, Hill Samuel has reduced its rate for home loans of more than £120,000 to 6.25 per cent; it charges 10 per cent on loans between £20,000 and £29,999.

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Advisers you can trust

WHERE CAN I get truly independent financial advice? That is one of the most common questions being asked and also one of the most difficult to answer.

These are theoretical objectives, though. So the Burns-Anderson group, headed by Sir John Harvey-Jones, the former ICI chairman, is launching a scheme to recruit advisers as the Network will be restricted to companies which can meet vetting and compliance procedures that will be at least as strict.

YOUR BEST INVESTMENT OF 1988

Money Observer is Britain's best selling monthly investment publication - and for a very good reason.

Currently it is offering subscribers a 256-page bumper package including the March issue, which is 116 pages, plus two free publications - Eric's Missing Millions, which gives details of 81,579 unclaimed Premium Bond prizes, and The Way in To Unit Trusts, which gives a wealth of information about these investments.

Anyone who takes out a subscription to start with the March issue of Money Observer will also get themselves in line for another valuable perk next month.

Subscription form for Money Observer magazine, including fields for name, address, and postcode.

FINANCE & THE FAMILY

Mortality charges are being reassessed - but don't blame the Chancellor Aids poser for insurance companies

"BUY BEFORE prices are increased" is a common theme in many pre-Budget articles. But the impending increase in the cost of life insurance cover is nothing to do with the Chancellor. The major factor causing life company actuaries to reassess their mortality charges is Aids (Acquired Immune Deficiency Syndrome).

The problem of Aids has been around in the UK for some time. Up to now, the reaction of life companies has been to try and identify anyone in the high risk Aids group through underwriting and screening.

Following this policy, the Association of British Insurers (ABI) recommended to its member life companies recently that they should:

- Require all men, married or single, applying for life assurance contracts where cover is at least £75,000 to complete a supplementary questionnaire.
- Where the cover is at least £150,000 require all men, married or single, to undergo an HIV blood test in addition to any other medical requirements.

The current practice of most life companies is to require only single men to complete the supplementary questionnaire and for single men to undergo a HIV

blood test for cover of £250,000. The questionnaire asks specific questions on an individual's life style - starting with the blunt question as to whether he belongs to one of the high risk Aids groups: homosexual, bisexual, intravenous drug user, haemophilic, or partner of a person in any of these groups.

However, underwriting and screening of clients by itself will not isolate all potential Aids victims. All indications from available data indicate that mortality rates, particularly among men in the 30-50 age group, will rise over the next decade even with successful underwriting screening-out the HIV positive cases.

This is a serious situation for traditional life companies offering conventional term assurance contracts which pay out only on the death of an individual within the period of the contract and where the premium rates are guaranteed once the contract is taken out.

Actuaries with these companies cannot wait and see how the Aids situation develops. By the time they do find out, they could be facing a spate of Aids death claims on policies with inadequate premiums.

Almost all traditional life companies are now charging an extra

Company	Monthly Premium
Sanitrol Life	7.30
London Life	7.42
Equitable Life	7.50
Western Australia	8.14
RFFPN	8.37
Scottish Life	8.50
Swiss Life	8.58
NPI	8.60
Provident Mutual	8.70
Scottish Amicable	8.75

Source: Planned Savings

premium of £3 to £5 per £1,000 of life cover on male homosexuals with a negative HIV blood test and a demonstrated steady relationship with their partner. The companies will not accept anyone else in the high risk groups. But this is an ad hoc arrangement. These actuaries are currently assessing the premium rates to put them on a formal basis.

Although information is still somewhat sparse, the working party set up by the Institute of Actuaries has shown that the net cost of life cover should at least double. However, this is not the

end of the problem: the extra underwriting requirements are expensive too.

The British Medical Association insists that all HIV blood tests must be accompanied by counselling of the individual by a doctor. This cost, estimated at around £80 a time, is paid for by the life company and recouped in the premiums, so the expenses incurred in arranging life contracts are increasing and have to be reassessed in the premiums charged.

Finally, and quite incidentally, commission rates for term assurance are being increased for the longer duration term contracts as from July 1 under the new scales from Lantoro (Life Assurance and Unit Trust Regulatory Organisation). This will require adjustments to the premium rates.

Many life company actuaries intended to take this opportunity brought about by commission changes to review their whole rating system, allowing for Aids. However, there are strong indications that some actuaries could change rates well before July - hence the advice to buy term assurance now. The tables show the current best buys in this sector and most companies will hold a quotation for three or four weeks.

It looks as if actuaries will take the opportunity to introduce two sets of rates - one for men and one for women - instead of using rates for men as a basis and reducing the woman's age by three or four years to get the appropriate rate.

The situation is somewhat different for unit-linked life contracts. Unit-linked life companies now have the ability to increase the charge for mortality and expenses virtually at a moment's notice. These companies without this ability are in the process of changing to make sure that they have, so actuaries in these companies can wait a while and see how the Aids situation develops.

At present the actuaries in the two major linked companies, Allied Dunbar and Abbey Life, see no reason to increase the charges. They are, however, watching the situation closely.

Both companies have a sufficiently large number of policyholders to be able to detect an overall rising trend in death claims very quickly. However, investors holding such contracts should be prepared sooner or later to pay more for their life cover.

Eric Short

Forward march for all units

Christine Stopp looks at what forward pricing for unit trusts means for investors

FORWARD PRICING for unit trusts will be with us - theoretically at any rate - from March 14 although the Department of Trade and Industry's new pricing rules will not be compulsory until July 1.

Most groups now value their units daily midday. The resulting price is published in the newspapers and forms the basis of most deals for the whole of the next day.

In other words, when you buy or sell, you know the price attached to the deal. The unit trust manager might sell you units from his box (the stock of repurchased units which he carries as a market-maker) or might ask the trustee to create new units.

The central difficulty of the new regulation is that, whether the manager is dealing historically or forward, the trustee must be notified of creation and liquidation only within two hours of the time at which the trust is valued. The stock of units ordered at this time must last the manager to the next valuation point.

If the manager deals historically, he must value the fund at the start of the dealing period and then order enough units for the whole period within two hours. If he runs out of units, he can do one of two things: go to forward pricing or continue to sell units he has not yet ordered and carry the risk of a price change before the next valuation.

With forward dealing, orders are taken and a price put to them at the following valuation point. The number of units needed is, therefore, known before they are ordered from the trustee. The point of this is to make sure all deals within one period are made at the same price and that this is fair to existing unit-holders.

Forward pricing prevents the manager from selling units more cheaply than the actual creation cost or buying them back for more than the liquidation price. In either case, the fund - and, therefore, the unit-holders - would bear the cost of any short-fall.

Forward pricing gives protection to the static investor. In spite of this, the industry and public appear to hate it. Groups in either case, the fund - and, therefore, the unit-holders - would bear the cost of any short-fall.

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switch definitively to forward pricing rather than having to chop and change between the two.

Mercury's Richard Bernays, for example, feels that "there is little option but to move to forward pricing".

Brian Peters, of Allied Dunbar, points out that there will be a number of situations when forward pricing is inevitable, anyway: the investor can ask to deal on a forward basis at any time while a market move in excess of 2 per cent will also force the manager to stop dealing on an historic basis.

Keith Crowley, of MIM Britannia, sees a situation where an inquiry is made in the morning when the fund is priced historically but, on calling back to deal in the afternoon, the investor finds it has gone to forward dealing. Hill Samuel was the only group that felt a flexible system of moving between the two bases might be viable.

What will be the effects for the investor of forward dealing? He will exchange knowing the dealing price for greater fairness all round, and everyone buying units on the same day will deal at the same price. (A well known way of stretching the rules at present is when a broker rings up at, say, 4.30 pm, asks for the fol-

lowing day's price and then expects to order if it is better than the old one.

Forward pricing could expose investors to buying at a higher price or selling at a lower one than they wish. No group is at present talking about "stop-loss" arrangements to enable people to limit their risks.

Peters feels the changes will lead to wider price fluctuation because it will be more difficult to iron out temporary market moves through box management. Unit-holders will end up more exposed to market volatility.

There will be greater openness about charges under the new rules, though. The initial charge as a percentage of the offer price must be published once a week, and the dealing price and cancellation price (that is, the minimum bid price) must be published every day.

Against this, the major disadvantage will undoubtedly be rising costs. The technology required to deal with the new system will put up charges, and so will the loss of rounding within the price calculation. Crowley predicts gloomily that there will be annual charges of as much as 3 per cent within a year or so.

Trust launch

LEGAL & GENERAL'S new chief investment manager, David Fraser, arrived at the beginning of the year from British Coal Pension Fund to a fanfare of trumpets. This week, he made his first public appearance in the post with the launch by Legal and General's unit trust group of two trusts and the relaunch of an existing trust.

The two new trusts, a UK Recovery Trust and a Fixed Interest Trust, are run of the mill products that even in the post-October climate would not excite much comment. However, L & G took the opportunity to announce its intention to be a major player in the unit trust field.

Colin Harris, the group's life and unit trust marketing director, is the latest in a growing line of marketing managers seeking that elusive animal - the first-time unit trust investor, but he is using L & G's financial muscle rather than any slick marketing ploys to seek out these investors.

The group plans to spend £10m this year devoted solely to raising awareness of two products - personal pensions and unit trusts - featuring the L & G umbrella. To help the campaign L & G is rationalising its unit trust product range into basic trusts and specialist funds.

First-time investors will be encouraged to start their unit trust portfolios with basic funds, to build up a substantial core holding before branching out into the more exciting - and more risky - specialist funds.

Eric Short

Arlington Securities Plc

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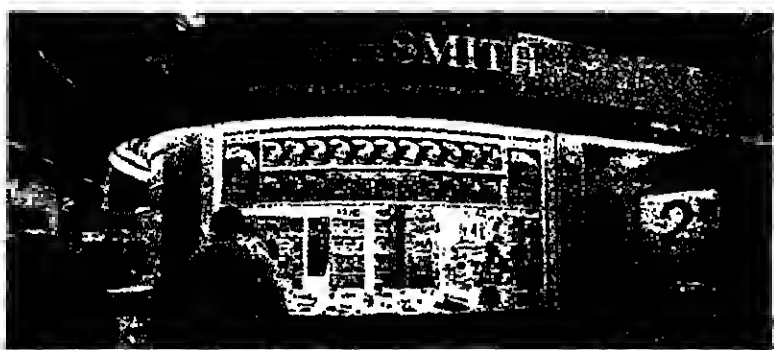
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For many years, Money Observer has had more subscribers than any other business publication. Its retail launch last year gave a further major impetus to sales, and Money Observer is now circulating in excess of 45,000 copies per month as more and more investors appreciate the in-depth analysis and informed guidance that it gives on all mainstream investment opportunities.

The next few months promise to be the most exciting yet - FREE with the March issue, the latest listing of unclaimed premium bond prizes, the 1988 edition of Ernie's Missing Millions, and FREE with the April issue, the most comprehensive and authoritative guide to Traded Options.

Newsagents are expecting bumper sell-out sales and are already devoting shelf space to special Money Observer promotions. To ensure you do not miss out on any of these invaluable issues, make sure you place your order for Money Observer with your local newsagent. Or take out a subscription by sending a cheque for £19.50 or £29.50 (air-speeded overseas) to: Money Observer, FREEPOST, Mitcham, Surrey CR4 9AR.

MONEY OBSERVER

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A roof over mother's head

I intend to purchase a house, with available capital, and allow my widowed mother to live in it rent-free for the rest of her life. She will not be financially dependent on me and I expect her to pay the running costs of the house including rates. I own my own house which is my principal residence and will continue to live in it. I shall therefore own two houses and in the event of my mother's death will wish to sell the house I have purchased for her. Will any capital gains tax be payable on the house I originally purchased for her to live in?

No (provided that the house is sold before the second anniversary of her death). You can check this by asking your tax office for the free pamphlets CG74 (1986) and IR1 (1986) (with a supplement) in the IR1, look in particular at concession D20.

Offset tax loss

At the start of this year I sold shares of a small family company for £24,500. The shares had been requested to me and because they represented a minority holding in a small close company had only nominal values at acquisition (£180). Thus I face a large Capital Gains Tax bill. In June my grandmother died. I am to receive quoted shares from her portfolio. Since the recent stock markets falls these are now reduced in value from

£24,500 to £1,000. Can I offset the loss on the shares against the gain on the house? If when these shares are transferred to me I then sell them, can these losses be set against my previous gains, remembering that they are different types of companies?

Yes, provided that the sales take place before April 6 (Easter Wednesday).

Missing papers

During a hearing in a divorce case last year the opposing lawyers alleged that I was concealing large sums of money (an allegation which unfortunately was without foundation). In some desperation I handed over nearly all my original financial records, including share certificates, to them for inspection. I myself had no legal representation, and I failed to insist that the documents be listed and a receipt given.

After the hearing the opposing solicitors at first delayed the return of the documents; when I did get them back, I found that they were in disorder and that some were missing. A letter to the solicitors asking them to account for the missing documents remains unanswered. Since it may be the barrister who has my documents I wrote also to the barrister's head of chambers, equally without result. Do these lawyers have any right to retain my documents? If

not, what remedy do I have? From past experience, consulting other solicitors would be time consuming, costly, and probably fruitless.

The barrister certainly has no right to retain any of your documents. Nor would the solicitors have such a right (not being your own solicitors) unless you have undertaken to pay any of their charges and some such charges remain unpaid. You can address a complaint to the Law Society's Complaints Bureau, Portland House, Stag Place, London SW1.

Exile's pension

I have a daughter of 24, who for the last two and a half years has worked in Spain and Portugal as an English teacher. I think she is just about to be considered as not resident, or not ordinarily resident in the UK for tax purposes by the Inland Revenue. Sometime in the future I think she will return to the UK and take up residence here again. Meanwhile I would very much like her to take up a self-employed pension plan and would appreciate your advising me whether you think she could contribute 17 1/2 per cent of her earnings into such a fund. I realise that as she is not paying UK tax on her earnings she would not obtain tax relief on her contributions, but I feel it would be for her advantage if she could provide for the future by

putting money into a completely tax-exempt fund.

There is no point in your daughter contributing 17 1/2 per cent of her earnings to a UK Retirement Annuity Policy in order to get UK tax relief because (if we understand you correctly) your daughter is not subject to UK tax on her earnings.

Obviously your daughter should be encouraged to save while she is abroad, possibly in the type of offshore fund based in the Channel Islands where certain types of investment income can roll up tax-free or in a Swiss Bond fund such as ELLA (see the FT listing of offshore funds for details). In this way her savings are not locked away until retirement and the capital is available whenever she may want it.

Our tax system leads many people to mix up the question of tax relief with the more fundamental question of savings for a variety of purposes.

Flat with brother

I am in the process of buying a flat as a first time buyer and would very much appreciate your advice on the following two points:

1. I am going through a mortgage broker, he is insisting that I take out some sort of endowment mortgage rather than a repayment one. I plan to stay in the UK only for the next five to seven years maximum, at the



No legal responsibility can be accepted by the Financial Times for the accuracy of the information given in these columns. All enquiries will be answered by post as soon as possible.

end of which I will be selling the flat and moving overseas. From what I have read in the financial press and related magazines, it would seem that I should be better off with a level repayment mortgage.

I have been saving under the Government's "best" loan scheme for over two years, and my brother for one year (on a separate account). We are buying the flat jointly, and although the full price of the property is above the current limit for the Greater London area, each of us will only own 50 per cent of the property, which is valued less than the limit. Would any, or both of us still qualify for the special assistance under the scheme?

You may well be better off with an ordinary repayment mortgage, but we cannot tell without full details of your and your brother's financial position. It is not for your broker to insist upon anything; he can advise you, but you need not take his advice.

We think that you would not qualify under the Scheme, because each of the joint tenants will be jointly owner of the legal estate in the whole property and liable to repay the whole mortgage loan.

CHESS

OXFORD v Cambridge is the chess world's longest running annual fixture. The inaugural match in 1873 was attended by Swinick and Zukertort, the leading grandmasters of the day, although the playing standards of the participants were weak. In recent years the encounter has been less overtly fashionable but has gained in significance as a talent seedbed for Britain's international masters and grandmasters.

Over the past decade, since Lloyds Bank sponsored the event and it reverted to its traditional elegant venue at the Royal Automobile Club, the record is impressive. Several players have gone on to become IMs or compete in the British Championship, while two even have GM norms. All those involved are still in their late twenties or younger so are likely to develop further.

What seems to happen is a self-selection process. Talented schoolboy chessplayers gravitate to whichever university currently has the stronger team. Oxford has won the last eight matches in a row - the latest, on 5 March, by 4 1/2-3 1/2 - while before that Cambridge won eleven in succession, the all-time record. Taken over a long period the universities are closely matched, and Oxford leads 45-44 in 17 drawn matches plus a few blank wartime years.

The Cambridge team has tended to rely significantly on mathematicians - six this year - and on Trinity College. Oxford has a wider subject mix, ranging in 1988 from a classicist and a

lawyer to a medical student and a biochemist. FT readers will be disappointed to learn that the solitary economist in the match lost to a political researcher.

An academic training may not stimulate Kasparovian flair at the chessboard, but it certainly helps in coping with the formidable data banks of opening theory. Strategic ideas from grandmaster play can take a decade or more to percolate down to club and county level - in the 1940s and 1950s the Queen's Gambit of the Alekhine-Euwe series of the mid-thirties were becoming fashionable in London team matches - but they reach Oxford rather quicker.

The two best games in last week's match were awarded Lloyds Bank trophies. One was a Pelikan Sicilian, with theory almost as up-to-date as the recent Short-Barrow title candidate match, while the other was a strategic tour de force influenced by Anatoly Karpov's spider technique of a creeping web to control the board.

White: S. D. Singh (Queens' Cambridge). Black: P. F. T. (Trinity, Oxford). Opening: Sicilian, Deferred, Paulsen. 1 P-K4, P-Q64; 2 N-KB3, P-K3; 3 P-Q4, P-P; 4 N-P, N-KB3; 5 N-QB3, P-Q3; 6 B-K2, B-K2; 7 O-O, O-O; 8 P-B4, P-QE2; 9 P-QE4, Q-B2; 10 K-R1, N-B3; 11 B-B1, B-L2; 12 B-B3, N-N1; 13 Q-Q2, B-B17. This opening system was wheeled out several times in the first two K v K matches, but was discarded in the 1985 and 1987 series, presumably because Karpov as White could not establish any significant edge. In 1985 13... B-Q2 was twice played here.

14 B-B2, R-N1; 15 B-N1, P-K4; 16 B-E7, R-E1; 17 B-E2.

Exploiting Black's mistake at move 12, the point is that if now B-Q2 or P-P; 15 B-B4 with R-N1 and N-Q5. If Black's bishop was still at E7 then B-B4 would be met by R-B and if N-Q5, Q-Q1. 17... B-K2; 18 B-B4.

The threat R-N further tangles up Black's minor pieces. 18... N-Q2; 19 P-B5, B-B5; 20 K-E1, Q-B1; 21 Q-B1, N-B4; 22 Q-K3, P-B3; 23 B-E3, K-R1; 24 P-Q3, B-B2; 25 R-B ch, Q-R2; 26 N-Q5, P-QN4; 27 P-E2.

27... B-E2; 28 P-B4, P-P; 29 R-P, Q-N2; 30 K-R1, K-E1; 31 N-N6, R-Q1-E2; 32 P-B2, K-E1; 33 P-QE4, N-Q2; 34 Q-Q4, R-K; 35

R-E1, R-R; 36 Q-R, N-N1; 37 P-N6!

Finally breaking into the opposing camp, Black's pieces are squeezed for space, and the end comes rapidly. 37... P-P; 38 Q-P, P-N3; 39 P-P, P-P; 40 Q-E2, K-N2; 41 P-B3, K-E1, K-Q7, R-E2; 42 Q-B ch, K-N4; 43 Q-P ch, R-E2.

PROBLEM No. 714
BLACK (12 MEN)

WHITE (13 MEN)
Leonard Barden

Weekend Business

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W N
73 10943 1972 1075
S
K95 AK85 544 A2

E
Q10862 Q7 K1863

W N
K765 142 9842 5
S
1043 AK9765 K42

E
Q10973 Q75 1063 166

why win trick one with the ace of diamonds? If West has led fourth best, East will be forced to lead another suit, and whatever the return he chooses will present declarer with the ninth trick. Now study the finesse that never was:

W N
K765 142 9842 5
S
1043 AK9765 K42

E
Q10973 Q75 1063 166

With both sides vulnerable South dealt and bid one no trump, and North raised to three. West led the diamond two. There were eight top tricks - let us see how South tried for the ninth. Dummy played low, East produced the 10, and declarer won with his ace. He then led the five of hearts, hoping that West held the queen, but East took the knave with his queen, returning the seven, taken in hand by the king.

South now led a diamond to the queen in dummy, East discarding a spade, cashed his heart ace, and found that West still held a winner. Switching to spades, South finessed the knave on the table, East won again, and led back a spade. The declarer won in hand, playing his two of clubs to the queen, found East with the king, and ended up with the eight tricks, which he saw when dummy went down.

"Heart queen wrong, spade queen wrong, club king wrong," moaned South. "No break in diamonds, no break in hearts - five things wrong."
"You've forgotten number six," said North. "The way you played it." South made two errors. First, he should have played one top heart before leading low to dummy's knave. Then, when East takes his queen, he has no lead that is not fatal. Second,

East dealt at a love score, and South, who was playing five-card majors, opened with one heart. North replied with one no trump - forcing on their system - South rebid two hearts, and North raised to four. West led the five of clubs, clearly a singleton, and dummy's quest was over.

The declarer could not at this stage try the trump finesse, so he returned the diamond five from the table to his king and West's ace. West switched to the spade five; East won, and played a club for his partner to ruff. West exited with a diamond to dummy's knave. Leading the 10 of hearts from dummy, to which East followed with the three, declarer played his queen, and West dropped the knave.

Thinking that East still held king and another heart, South prepared to enter dummy with a club, intending to throw another spade on the diamond queen and take another finesse in trumps. What a shock he received when West produced the two of hearts, and ruffed the club king to defeat the contract.

This false-card of the knave in this position, which clearly cannot cost, seems to be but rarely employed.

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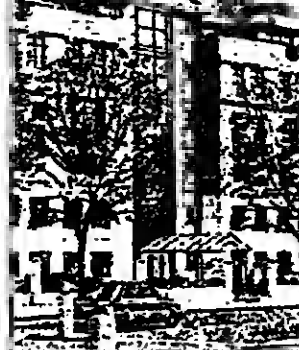
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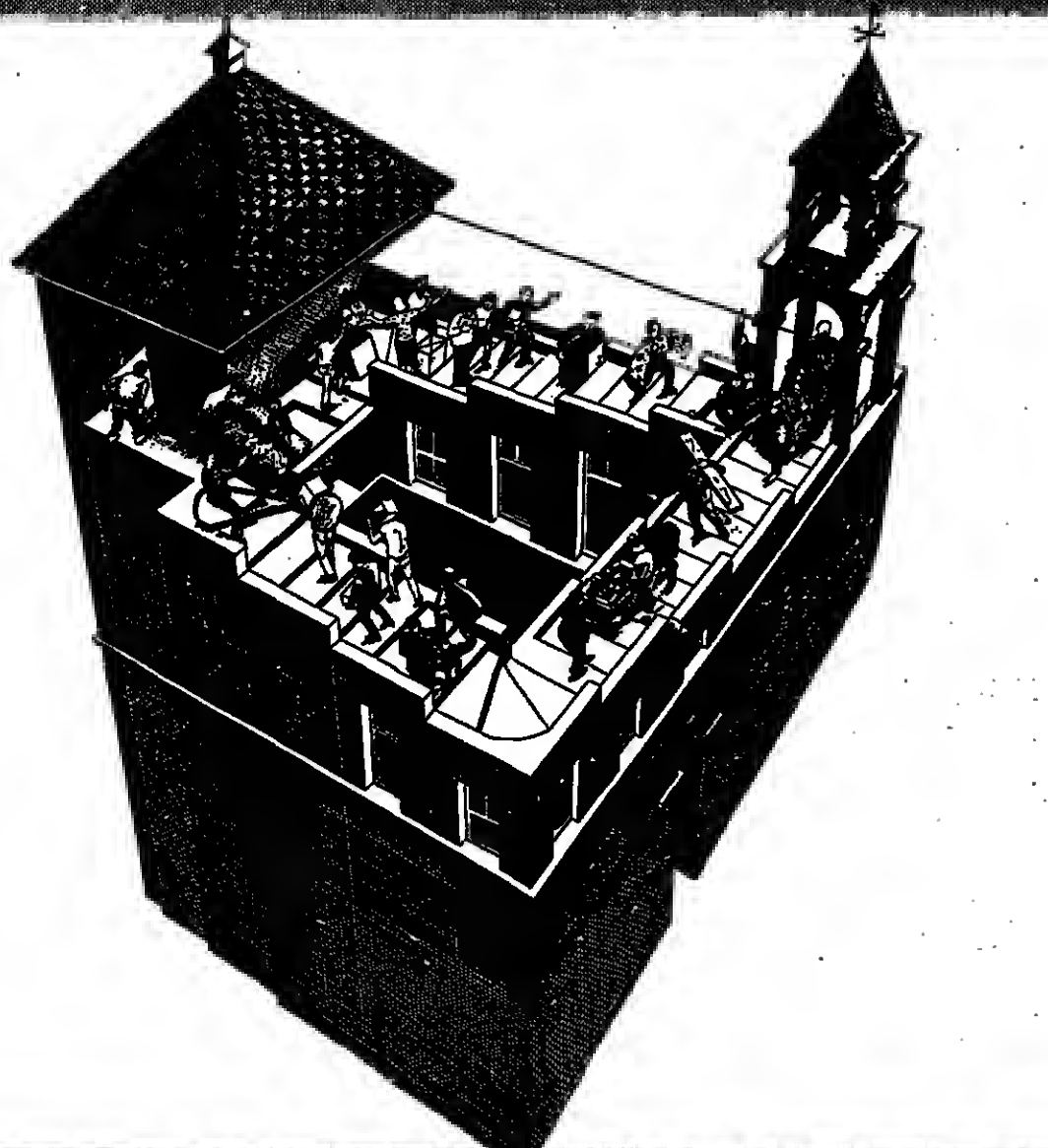
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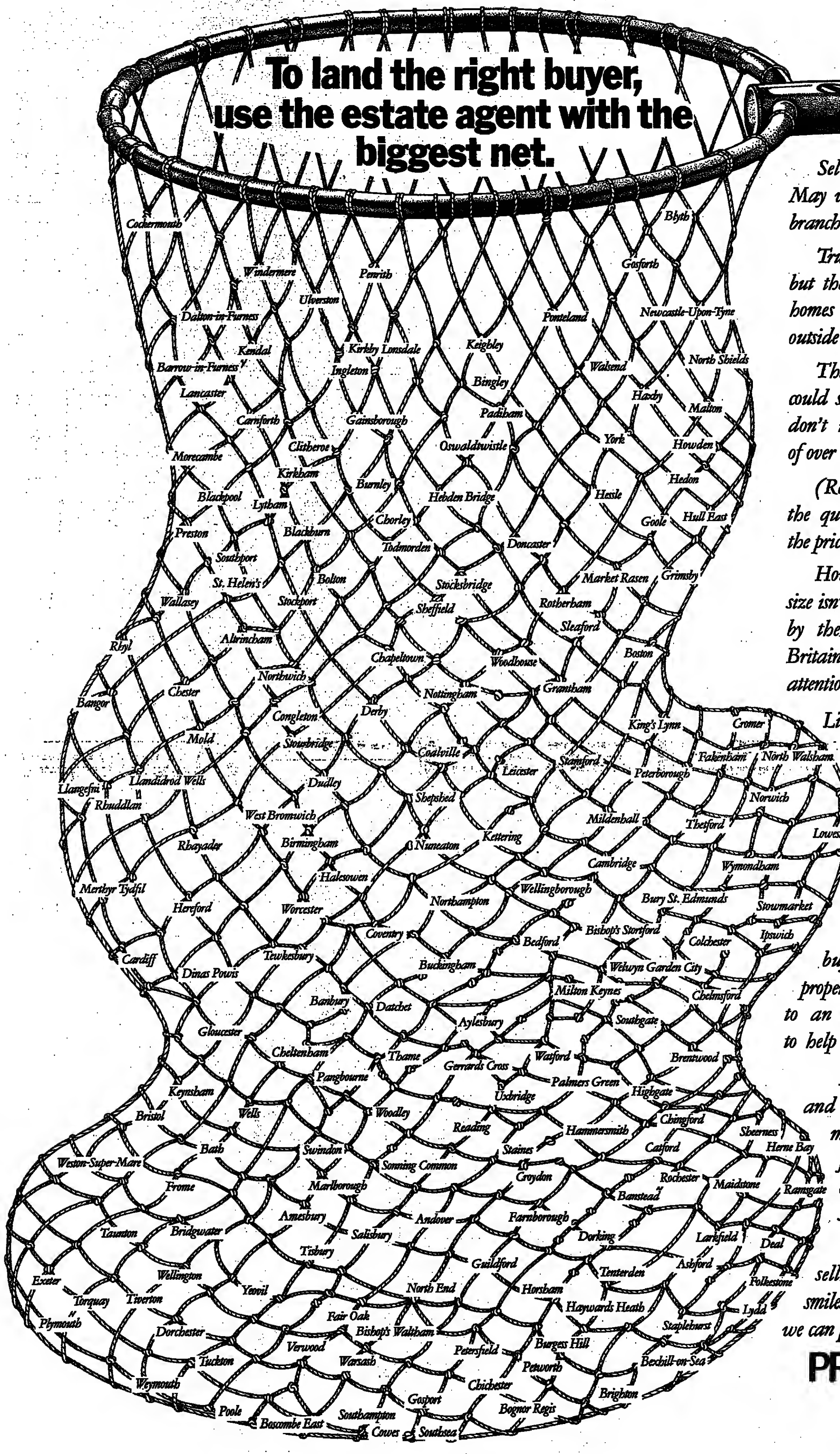
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PROPERTY

John Brennan looks at the effect of competition on the housing market

Good for products — bad for people

DAVID SARNOFF, the man who directed BCA through decades of growth, once noted that competition brings out the best in products, and the worst in people. It is a truism that neatly fits the British housing market today.

Housing products, whether new homes and redevelopments, home loan options or property transfer services, have been subject to a competitive transformation in quality in the 1980s. Housing people on both sides of the counter have been equally affected by competitive pressure, but in a far less positive way.

On the credit side, rising house prices have translated into a markedly higher standard of new home building. As the Halifax Building Society's latest price survey shows, a 57.4 per cent increase in new home sale prices in Britain in the past five years has taken the national average to £59,172, putting new homes at a near 20 per cent premium to its average for all homes.

That ostensibly supports the housebuilders' favourite argument that their customers are becoming increasingly sophisticated, and that new homes reflect a growing willingness to pay for better standards of design and finish.

Although this sounds faintly plausible there is at least as much strength to quite a different sort of competitive argument. Looking beyond the rather romantic idea that home buyers have suddenly become aware of, and adverse to, the skimpy specifications and pathetic absence of any kind of architectural merit of so much postwar UK housing, quality improvements look to be far more closely aligned to the building industry's response of spiralling site costs.

Land costs have risen far faster than property resale prices because of planning constraints in areas with the heaviest demand for housing, primarily those affected by the accelerated shift of economically active population into the south east. As the big greenfield sites have become increasingly rare, so the old-style volume housebuilders have switched to building fewer, higher margin homes.

You can see that fewer/better homes phenomena in the balance, or rather the imbalance, between the house completion figures and the number of new households formed each year. The Building Societies Association estimates that about 190,000 new private sector homes will have been completed last year, the highest total since 1973. Yet even with that record number of new homes to top up a poor annual average, budgets in the 1980s have barely been able to keep pace with the rate of net new household formation, let alone the total demand made up of those new households plus all the homes needing replacement as they reach the end of their useful lives.

Between 1981 and 1986, some 150,000 new households came into being each year. That average rose to 170,000 a year from 1986 and this net new demand for homes, excluding replacements, is expected to remain at that level for the next three years.

Now that public sector construction no longer makes a significant contribution to the housing stock, even the most optimistic forecasts for new building mean that private housebuilders will not be able to keep pace with basic demand, at least until the end of the decade. In this sellers' market, improvements in housing quality reflect the commercial logic of facing up to planning constraints on volume and producing fewer, better homes for a higher price.

Competitive pressures have had a double edged impact in that better quality has been won at the expense of volume. But it has had an unambiguously positive effect on the mortgage market as far as the range of home loan options goes, although choice has been at the cost of money as hard as any double glazing salesman. We now have everything from Bristol & Wests "winter sale" of £50m guaranteed mortgages, with three quarters of a per cent sliced off interest charges for a year, to every variation of low cost, starter, executive and discount mortgage package that the advertising copywriters and the product marketing teams can conjure up to tempt buyers to borrow from their society, bank, finance house or insurance company.

Just as competition ended the mortgage queues and provided a bewildering borrowers' choice of mortgages, so it has also helped to contain, and in some instances actually reduce, the cost of moving home. In the latest of its regular surveys of professional charges and removal expenses based on a sample of 38 towns, the Woolwich Building Society shows since 1983 retail prices have increased by 25 per cent and average house prices by over 60 per cent, but the total costs of buying a property have fallen by 2.7 per cent. Over the same period, the costs of selling a home have risen by only one per cent.

Surveying costs are up 40 per cent in the five years, removals costs have risen by nearly 30 per cent, but solicitors' charges have dropped sharply as they face up to competition from licensed conveyancers. The average cost of selling a £60,000 house now would be £1,550, just £10 less than the costs of buying the same property.

Competition has clearly sharpened the property transfer business, but what about Sarnoff's idea that it has had an effect on people? There are clear points to consider, and in some instances actually reduce, the cost of moving home. In the latest of its regular surveys of professional charges and removal expenses based on a sample of 38 towns, the Woolwich Building Society shows since 1983 retail prices have increased by 25 per cent and average house prices by over 60 per cent, but the total costs of buying a property have fallen by 2.7 per cent. Over the same period, the costs of selling a home have risen by only one per cent.

ers to one problem area in the Woolwich's figures showing that estate agents' fees levelled out in 1986/87, and fell by an average of 11 per cent last year. The society comments that "these figures seem to bear out the suggestion... of a price war as institutions which rushed in to buy estate agencies seek to establish their market position."

Estate agency fees — now averaging 1.93 per cent of selling prices against a peak of 2.16 per cent in 1986 — show just how price-competitive this part of the market has become. What those figures fail to show is how cut-throat that competition tends to be in those parts of the country where the old "gentleman's agreement" about not poaching each others clients have given way to a free-for-all.

This competition may translate into a more customer-attentive service from agents. But in the meantime, the battle for instructions means that London agents knock on the doors of people with other agents' sale boards asking if they are satisfied with the service and use their car phones to call out their own prospective buyers.

It also means agents recommending that properties be offered at unrealistically high an asking price just to win sellers instructions, and, on the other side of the counter, it has increased the number of sellers who see nothing wrong in withdrawing a property which they have already agreed to sell just to gain an extra few hundred pounds from a late bidder. Good for products and bad for people — Sarnoff's business theory does fit the housing scene uncomfortably well.

Escape the bed-sit

WHEN YOU are faced with between £30 and £40 rent a week for a furnished bed-sit, the option to buy starts to look appealing. Carter Jonas, drawing on data from a survey of student accommodation costs in the university centres of Oxford, Cambridge, and York, finds that an increasing number of students' parents are willing to fund their children to become buyers rather than renters. It expects the trend to become even more marked if there are relaxations in the Rent Acts.

Edward Waterston, at Carter Jonas, reports that student-parent buyers have started to take on bigger properties in recent years, covering financing costs from sub-letting to fellow students and coming out of the deal with a significant capital profit. "Most are not solely financial," says Waterston. "Parents do like to think that their children are living in reasonable conditions."

If parents look at the cash balances alone, the case for buying is fairly persuasive. Agents report that renting a room in a private house in Cambridge costs around £30 a week. Bed-sits rent for between £30 and £40 a week. Buying would mean paying between £50,000 and £55,000 for a basically modernised three-bedroom house in the central area, or from around £65,000 in the centre. According to the agents, it is these properties that have shown the greatest increase in price in the past three years, and will continue to show the best continuing increase.

A room in a private house in Oxford could cost £40 a week, while a two-bedroom terraced period house would cost in the region of £75,000. Rentals clearly would not cover the funding costs on that basis, but the shortage of accommodation in the city underpinned a 20 per cent rise in property values last year and there is no sign of a let-up in the demand for property there.

In York, a four-bedroom semi-detached house near the university campus costs around £40,000. As student rents are in the £30 to £40 a week range for bed-sits, the case for buying rather than renting there is equally strong.

LITTLE Sitters, at Bucklers Hard near Beaulieu, Hampshire, is a 1915 variant on the theme of the New Forest thatched cottage.

Five bedrooms, three bathrooms, three reception rooms, a self-contained guest flat, swimming pool and tennis court in four acres of gardens set the house apart from the average cottager's home.

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Paul Jackson, of Jackson & Jackson, (0590-75025) is looking for offers around £1.25m for the freehold.



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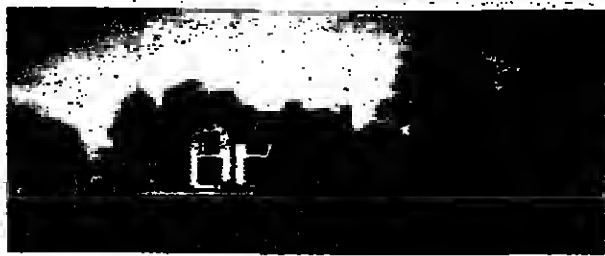
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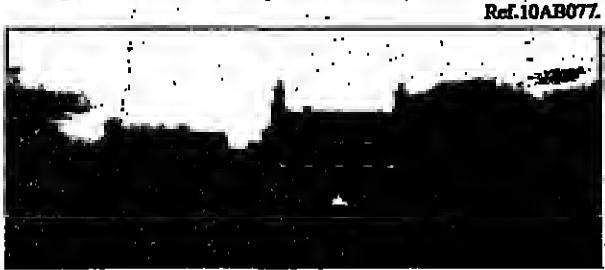
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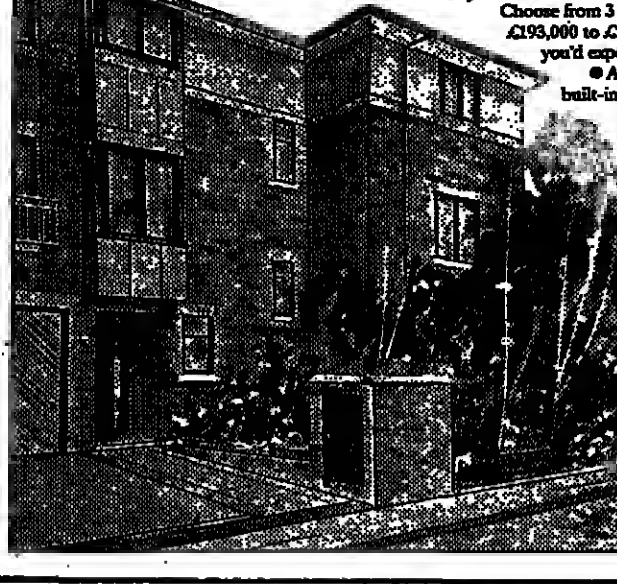
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The Government's plans: co-ed or single sex: prep schools and further education: this survey covers a wide range of fee-paying schools. It is introduced by Michael Dixon, Education Correspondent

INDEPENDENT EDUCATION

WHEN LEADERS of Britain's independent school sector were announcing yet another successful year at a London press conference just 23 months ago, an event was impending a dozen miles to the south that has since raised a threat to the sector's fortunes. The event was the local authority elections in Kingston upon Thames, Surrey, in which the Conservatives who had run the borough council for years lost power to the SDP-Liberal Alliance.

One of the main points on which the Alliance campaigned was a promise to end selective state-maintained schooling in the area. The prime target of that promise was the Tiffin grammar school for boys which, although its governing body was firmly committed to preserving its established character, is funded and controlled by the local authority.

News of the school's vulnerability quickly reached the high offices of the Tory party, where several people from the area have influential voices. An example is Mrs Angela Rumbold, Education Minister responsible for schools and MF for neighbouring Mitcham and Morden, who is a former leader of Kingston upon Thames council.

Soon Conservative policy advisers were pondering how they could save Tiffin from being turned into a comprehensive. One possibility that occurred to them was to allow the school's governors to opt out of local authority control and be funded by a grant direct from Whitehall.

Then someone mentioned the idea to Mrs Margaret Thatcher, and her eyes lit up.

Today, Kingston council is back in Tory hands and the message to Tiffin gone. Moreover, its governing body has evidently made a principled decision against removing it from local

control. But because of the Prime Minister's enthusiasm for the idea dreamed up to save the Surrey school, the possibility of opting-out in favour of being grant-maintained by central Government is being extended to schools throughout England and Wales by the Education Reform Bill.

The implications must now be on the agenda of almost every meeting, whether formal or informal, of people concerned with the UK's 2,500 independent schools. For although the queue of parents wishing to pay their fees has been lengthening steadily these past few years, the Bill's provision for opting-out could face them with unprecedented competition.

Schools wholly reliant on their own resources have been subject to taxpayer-financed rivalry before. It came most prominently from the semi-independent direct-grant sector wound up by the Labour Government in the mid-1970s with the result that most of direct-grant institutions went fully independent.

But, as heads of private schools hasten to point out, the former semi-independents were to an important degree self-financing. The public money they received funded only a proportion of their pupils. To cover the rest of their costs they had to attract families willing to pay fees.

The grant-maintained competitors will be different. Not only can they be expected to include some of the state sector's most attractive schools in terms of the public examination results they achieve. They will also be almost entirely financed by the taxpayer, being specifically excluded from charging fees for attendance at all.

What is more, the independents can look forward to further fee-less rivalry from two other sources. One is the Government's plan to aid areas needing indus-

trial renewal by setting up 20 city technology colleges which, although their premises and capital equipment will be paid for privately, will have their running costs largely covered by grants from Whitehall. The second source is the Reform Bill's provision for local authority schools oversubscribed with applications from parents to expand to their maximum pupil-capacity.

The potential competition is nevertheless welcomed by the private sector's leaders - at least in public. The official reactions of the various fee-charging schools' associations are typified by the comment of David Smith, head of Bradford Grammar and current chairman of the Headmasters' Conference, representing mainly large independents for older pupils, particularly boys.

"Since we've always meant every word we've spoken about the importance of increasing parental choice and raising standards, we're bound to approve strongly of the Government's efforts to do the same," he said.

Even so, the associations' solid official welcome masks a good deal of disquiet among private schools' heads about events to come. Several have misgivings about the means Ministers have chosen to pursue their aims.

One complaint is that the creation of a separate subsector of city technology colleges was unnecessary. It is argued that the same end could have been achieved by partnership arrangements enabling state school pupils to use the excellent resources for teaching design and technology already existing in numerous fee-charging institutions.

There is also criticism of the opting-out provision. "Whatever the faults of local education authorities, they're more in touch than Whitehall mandarins can be with the people in the neighbouring community," said the administrative chief of a group of independent day schools.

On balance, however, the private sector's opinion is that the shortcomings of the Government's measures are outweighed by the potential for improvement they hold out. "They'll have a galvanising effect all round," said another day-school chief, "and the general gain in quality will be all the better for the extra

competition our sector has to face."

Views vary widely on how great the competitive pressure will be. Although the grapevine has it that about 100 local authority schools are preparing to opt out as soon as the Bill becomes law, some independents' heads feel the number that actually do so will be relatively small.

"Quite a lot of my counterparts in the state sector think the benefits they'd get by becoming grant-maintained wouldn't compensate for what they would lose, like the help of local authority educational advisers and bulk-buying schemes," remarked the head of an independent girls' school catering largely for boarders. "And if teaching staff dislike the implications, I'm sure they will spell them out forcibly enough even for affluent middle-class parents to be deterred."

A particularly strong disincentive to widespread opting-out is thought to lie in the poor condition of many state schools' buildings resulting from years of low spending by local authorities on maintenance. The Audit Commission recently estimated that £860m needed to be spent in England and Wales to make up the backlog of structural repairs.

"Governing bodies would hardly be wise to go on their own with shaky premises unless Whitehall first guaranteed them the money to put the buildings right," a local authority official said.

Complications about premises are also delaying the onset of competition from the proposed city technology colleges. The private sponsors of the only one with a firm starting date so far - it is due to open at Solihull near Birmingham in the autumn - paid a jump sum of about £1m for the college's buildings to their former owners, the area's local authority. Although several other colleges are in the planning stage, their sponsors are anxious to lease their premises rather than buy them outright from capital funds. But the Solihull precedent has inspired the owners of suitable premises to hold out for similar jump-sum payments.

Another reason why some private-sector interests think opting-out will be relatively restrained is that the state sector has got it right. The reaction of



Is co-education the way to the future? It seems to be working well, even on the sports field. But there are still arguments for single-sex schools, particularly in the girls' sector.

Girls who won't miss the bus

A DOUBLE-DECKER bus is plying around London completely equipped as a 250,000 design and technology unit. It calls at four schools a day to show girls the future of technological realities in the 1990s.

"The bus has a teacher-driver," says Michael Oakley, secretary of the Girls' Public Day School Trust, which runs the bus. "Its design and technology unit includes a classroom fitted with computers and all that goes with them."

The four schools visited by this travelling-tech bus are Notting Hill and Ealing High, and South Hampstead, Sutton and Bromley High, just a few of the 24 girls' schools from Birkenhead to Brighton administered by Oakley's organisation.

And at a time when educationists seem to be pushing the co-ed answer to all the problems of independent education, the Girls' Public Day School Trust believes it has got it right. The reaction of

many people in the business of selling independent education. "Well of course, headmistresses of girls' schools are completely paranoid about co-education" - doesn't impress the Girls' Public Day School Trust.

Oakley whose last appointment was as Bursar at Eton, believes in the trust's girls-only policy. It is co-education a real need or has it been pushed for commercial reasons or as a result of parent-pressure? If you take a prep school head who has lost a lot of boarders in recent years because the boys can't go to the same school as their sisters, then you can understand why he goes co-ed fairly quickly.

But Oakley defends the trust's policy. "The general consensus seems to be that in co-ed schools, boys by their nature and personality do tend to elbow aside girls. Girls in co-ed schools are expected to conform to their roles. Girls do languages, boys do science. In these co-ed schools, the men are still the managers and

the leaders." Whether this is true would create an argument that would fill more than four pages of the Financial Times. But Oakley can quote the success of the trust as evidence - several old girls have been government ministers and they are well-represented in professions like the law and medicine. Old girls seem to want to move mountains to get their daughters into a trust school.

The trust was founded in the mid-19th century with Kenington High (1873 with 18 pupils) its first school. The present 24 schools have 15,000 pupils. Fees are low, if you look over the whole independent school area - around £700 a term, with around £700 more for the two schools in Brighton and South Wales which take boarders. Oakley points out that even with the low fees the trust provides most of the schools' incomes. And wise investment, plus the trust having its own architects' department, have made it possible to embark

on £200,000 building programmes at all their schools.

But what about sport in these girls' schools? "We do not have to approach sport in a gladiatorial sense. We see sport as a pleasure and a social skill which may be valuable when you leave school. Girls' schools of ours have found that because of our lousy weather we should get many sports indoors, with centres providing activities like badminton, volleyball, gym and dance. But without the macho of the rugby field, we still produce county and international lacrosse and hockey players."

In the face of bigger moves towards co-education, the trust schools seem to be surviving well. Entry is by merit and examination and the trust claims that applications have risen steadily every year since the schools lost direct grant status and became wholly fee-paying.

Alan Forrest

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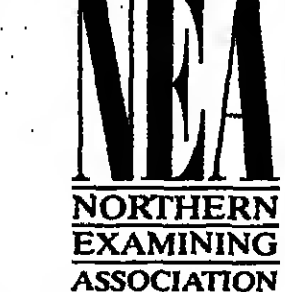
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Prep schools seek growth

ENGLISH WRITERS, those of the 20th century, anyway, have not been kind about prep schools. We cannot forget the eight-year-old Eton-bound George Orwell in *Such Was the Joy*, praying night after night "Please God do not let me wet my bed."

His final verdict on "St Cyprian" which got him to Eton was: "I loathed its very name so deeply that I could not view it with sufficient detachment to see the significance of the things that happened to me there." And the rest of the literary legacies of prep schools seem to produce a long line of Squeasies and Captain Grimesses stretching on to infinity.

Prep schools are not like that now. There were worries in recent years - not because of the memories of Messrs Dickens, Orwell, Waugh and Co., but just that it was felt that parents coming into the independent school sector for the first time, and faced with the problems of budget-bending fees might want to settle for state primary education rather than start paying almost from the cradle.

In fact, prep school plagues have risen every year recently and the drop in boarding seems to be recovering. Is the present success of prep schools a result of

The world of the prep school has changed and keeps on changing. Pressure from parents is persuading more and more headmasters to switch to co-education. ALAN FORREST looks at the changes and reviews a new source of information for both parents and staff.

the increasing move to co-education? David Ives, chairman of the Incorporated Association of Preparatory Schools (IAPS) and head of Holmwood House, an old-established prep school at Timbridge Wells, has recently announced his plans for going co-ed in 1989 and within hours of making his plans public was bombarded with inquiries from parents.

Does the move towards co-education signify a change of heart among the entrenched advocates of single-sex schools or is it the result of parent-pressure? Ives, whose school has obvious advantages for boys - valuable links with Kings School, Canterbury (one of the senior masters is on his governing board) and Tonbridge, where Colin Cowdrey learned to prosper with the cricket bat, admits that he has lost several promising boarders in recent years because they couldn't go to the same school as their sisters.

One can understand the practical advantages. For parents who feel they need boarding education, because mum and dad both have jobs, it is one way of keeping the family together and cutting down on crippling travel expenses at weekends and holiday times. But more realistically, families are increasingly looking at the new list of girls' needs throughout the whole term of their education. For example, a school with independent boarders reported that eight of its girls (this is a co-ed school) have become valuable members of the Combined Cadet Force and are now doing sophisticated computer activities with the Royal Signals.

Another sign of things stirring in the prep school world is the issue of its new magazine, *Prep School*, which is published by IAPS in conjunction with the Society of Assistant Teaching Preparatory Schools (SATPS) and updates and glosses some previous publications. It is available on subscription only, £8 for three issues a year.

The magazine is edited by Anne Kiggell, a former civil servant and school administrator turned journalist. She was several years working in administration at St Paul's Boys School after working in the Prime Minister's office under Harold Macmillan, Alec Douglas-Home and Edward Heath. The contents of the magazine - a message from Education Secretary Kenneth Baker, articles by Bradford Grammar School head David Smith, chairman of the Headmasters Conference, and other independent school experts. But as Mrs. Kiggell promised, it does have light relief which gives probably the best advice to searching parents.

John Eddison, a prep school man of long experience, gives advice to new headmasters on entertaining visiting parents, under the headline "Pipe in Mouth, Tongue in Cheek."

"I see you're a golfer," he says. "Ah, I used to play quite a bit, but there doesn't seem to be (Never 'these days' any) much time for it nowadays, and the garden (gesture towards the window here) is apt to take what there is. Notice that this hint of wider interests neatly dispels any suggestion of philistinism."

The time has come for drinks. Dubonnet and sherry are on the table, the more expensive spirits somewhere around (I think they are next door) but not immediately to hand. This produces the expected Knight's move, "Please don't bother, I really would prefer sherry."

On to the headmaster's wife. "She should be introduced to the visitors as 'My wife'. Her title will vary and the nuances are subtle and important... at some stage, an invisible line is crossed by senior members of the staff and by parents who graduate from being clients to being friends, and she becomes Helen, Jane or whatever... Parents and others should wait for the invitation, tact or overt. I think we can dispense with surmises."

But not all prep school is fun and games. N.I. Howard, head of St Paul's Prep examines the case for entrance examinations and concludes that this is the time to "put the scholarship giant to sleep. And in all areas where co-education seems to be invading long-established male bastions, Elizabeth Major, head of Warwick Prep School and IAPS vice-chairman of the IAPS, says: "If girls' schools are to survive and attract pupils as they have done in the past, we must rise to the challenge... by providing an education in our schools as broad, varied and exciting as that provided in the co-educational establishments."

"We must persuade governors of the need to build, expand and improve facilities to allow the equal opportunities so necessary for today's children."

"The longer we delay in providing the correct diet for girls, the less likely they will be to be healthily-equipped for the next century."

WHAT THE independent schools like to repeat business. Fathers, sons, grandsons, all going through the system and all turning out to be nice little earners for generations of bursars.

"I taught your father, my boy," the old classics teacher will say, "and your brother, and your second cousin twice removed," he will continue. "Very badly," he won't add.

In my case, they have failed to make a sale. They had my parents' custom: I was sent through preparatory and public schools. They do not have mine: my children are satisfied customers of the local state schools. But if you must consider the private sector, learn by my misfortune. Here are some points to check as you weigh the merits of St. This and that, the facilities of St. That, the academic track record of St. The Other.

Geek. There was a lad in my school named Geek. Every boy's secret was against him. It wasn't his rank that he was a loathsome, uncouth creep but it was definitely our fault that whenever we saw him, we knocked him over, tugged at his books and generally made him feel like a Rastafarian at a National Front meeting. For this his parents shelled out the sort of cash which would have taken the entire wage packet of a worker at a factory up the road.

It took them four years to tumble to their mistake. Do not make it yourself. Ask around. Is there a Geek at St. This? If so, expel it from your thoughts.

Ferguson Minor. A boy at my daughter's primary school was going on. I can't say it warped unfortunate enough to win a scholarship to a choir school.

"That," the envious neigh-

hours asked when he returned after his first term, "was the best thing which happened during the last few months?"

"Ferguson Minor," he replied. And why was Ferguson Minor the best thing which had happened to him? Ferguson Minor, it turned out, had been ill half way through the term, which for a short time had prevented the nasty little tyke from roving up the new boys. The worst thing which happened was that Ferguson Minor recovered.

Ask the kids at St. That: is there a Ferguson figure about the place? If there is, avoid it, unless he has a disease which is at least temporarily preferable terminal.

Gay Rights. The state schools have been in trouble for allegedly presenting homosexuality in a favourable light, but meanwhile the single-sex public schools don't present it - they have been getting on with it. I can recall candid meetings and expulsions - and that was just the master. There was a Mr Freeman who was dating a Mr Willis and had to marry Miss Hardy, the matron, as a cover story.

I can also recall Miss Mr Anderson who was more affectionate than he was strictly obliged to be. Since I had no idea what was going on, I can't say it warped me in any way; and these days, with co-ed schools, the sexual scene is different. But to be on

the safe side, make sure there is no Mr Anderson.

Appeals. The only junk mail to which I have ever replied came from Sir Roger Rug, chief fundraiser for my old school. "Dear Sale," he began. I read no further. Here was someone sending out a begging letter - and he used my surname as if I were still in the Lower Fifth.

"Dear Rug," I replied. I should think he read no further. Unless you want the fees to quadruple every time a new computer wing is needed, make sure that the appeals organiser keeps a civil nib in his pen.

History. A friend of mine,

taught in a prep school whose main claim to fame was that one of its denizens once remarked to another, "Play up and play the game." This chance remark led to the writing of the legendary cricketing doggerel beginning, "There's a breathless man in the close tonight."

If the only noteworthy event in a school's history is what some flannelled fool remarked to another back in the last century, choose somewhere else with less history and more present.

Nobel Prizes. Few teachers win these but parents sometimes do. Since my schools were in a university town, the fathers were li-

ence of the spineless lads cowed into submission by the public scholastic system, "character" means expressing in forthright terms exactly what the bigger boys have just said.

Pretending to agree with everyone else is the ideal training for being a spy, as the expensively educated Philby generation discovered. But, these days, unemployment has hit even the espionage market.

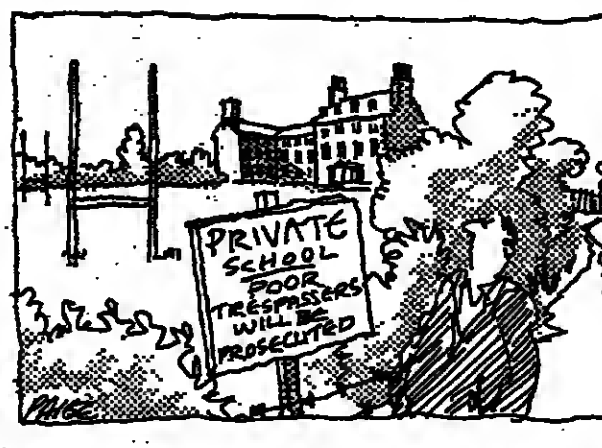
Rebels. Look for youthful idealism. It may not exist much in the kids but there ought to be a few subversives among the staff to liven up the atmosphere. We had a science teacher who was arrested in a CND sitdown, much to the disapproval of passing schoolboys. His teaching was full of surprises to match.

One of his colleagues was such a cynic that he cast doubt on even the worthiness of the Lent collection. He too was a winner as a teacher. The trouble is that you don't meet his sort on a first inspection of a school. And if you do, he's wise enough to agree with the head teacher.

Laboratories. Finally, look at the labs. A man I know went to a long-established school in which the Genes were not of the normal flushing sort, but consisted of a series of cubicles placed above a slow-flowing drain. The snag here was that the boy in the toilet upstream could, and sometimes did, float down a lighted paper boat to singe the bottoms downstream.

Someone else threw down a lighted banger which, reverberating in the corrugated iron roof, shattered the nerves of the occupants. Is it value for money to have your kid end up with shell shock in 1988?

Jonathan Sale takes an alternative view of independent schools Looking at St. This and That



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A wide look

is short of the management ability needed to run schools on the more free-standing basis implied by the grant-maintained scheme. "It has taken us independent schools to build up the management skills we need, not just in our full-time staff but in the variety of people we've persuaded to serve as governors," said the head of a medium-sized boarding school. "It won't be easy for maintained institutions to do the same."

Moreover, whatever the extent of the increased rivalry, it is largely expected to affect some types of private schools far more than others. Those concentrating on boarders, which in recent years have lost some of their "market share" to their counterparts catering for day pupils, are not expected to suffer further from the Reform Bill's measures. The state sector has comparatively little provision for boarders, only about 7,000 places against the independents' 127,000.

The competitive pressure is therefore thought likely to fall most heavily on fee-charging day schools, especially those with large numbers of pupils from lower income families whose fees are subsidised under the Government's assisted places scheme. It is thought that since the means-tested scheme involves form-filling, many parents now taking advantage of it will transfer their custom to grant-maintained schools where such bureaucratic complications would not arise.

A further widespread expectation is that the draft will be felt much more keenly by independents for older pupils than by the preparatory schools. "I cannot see the prep stage being affected

anything like as much as the senior stage," said Mr David Ives, head of Holmwood House in Kent and chairman of the Incorporated Association of Preparatory Schools.

But other leading figures in independent education think that the evident majority expectations of relatively restricted competition are over-optimistic, and that no part of the private sector can count on being exempt.

Although agreeing that large-scale competition will probably not spring up immediately, the pessimists - who see themselves as being simply realists - think the longer-term threat is severe.

"Unless the political scene changes in a way that doesn't seem likely," said one, "a lot of state schools will see their sights on going grant-maintained but develop the management they need before taking the plunge. Five to 10 years on, we'll all be on our mettle, just wait and see."

Nor do all heads in the preparatory sub-sector see their future as assured. "We'd be daft to view the prospects as anything but extremely serious," declared Mr Dick Reeman, head of the junior section of Stockport Grammar School.

"A lot of our pupils come to us because parents see us as feeders for senior schools. So if competition makes the senior schools feel less attractive, there'll be less reason for sending children to us. And while I may be looking on the black side, it's better for the lot of us to prepare for the worst than to sit back smugly on our laurels."

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A page about money: Michael Dixon on the costs of running a school Eric Short advises parents on paying the fees

Why fees keep rising

FAMILIES WITH children in private schooling may justly have groaned at fee increases continually above inflation in recent years. But in the judgment of chartered accountants MacIntyre Hodson, which is based on long observation of the private educational sector's financial performance, the fee rises cannot justly be blamed on poor management by the sector's schools.

"They're on the whole pretty good at handling financial matters. And though they take pains not to let money dominate their attention, they've had to think about it very seriously for a lengthy time now," says Mr Noble Hanlon, one of MacIntyre Hodson's partners.

He supports that verdict by citing his firm's annual surveys of independent-sector costs, which now cover getting on for 100 schools of various types. The average figures from the latest survey, for the 12 months to August 31 last year, are shown in the accompanying table.

It differentiates between boarding establishments for senior pupils, day-attendance schools for the same age range, and boarding and day schools at the preparatory stage. The costs per pupil are divided into two kinds: "fully comparable" expenses which are similarly incurred by pretty well every fee-charging school, and "semi-comparable" costs which can vary widely depending on the age of the institution's buildings and so on.

The average increase in total costs over 1986-87 across all four types of school was about 8.3 per cent.

The rise was generally smaller in senior and preparatory boarding establishments than in the day schools, especially those for older pupils. But the boarding variety had more leeway for economy, the main reason being that teachers' pay constitutes a considerably smaller share of their total expenses than it does in day schools - 35 to 40 per cent of the whole compared with 50 to 60 per cent.

Teachers' salaries have been and remain a particular and complex concern throughout fee-charging institutions because they are affected by pay rises granted to teaching staff in the state-maintained sector. There were two state rises in 1987, one on January 1 and the second on October 1, each averaging 8.2 per cent. Those average figures, however, cloud the detailed effects of the pay increases on individual schools.

While the two state rises added up to an average of 16.4 per cent, how much extra living and breathing teachers were actually paid depended on where they stood in the seniority ranking. Those right at the bottom received 18.3 per cent whereas those five points higher were restricted to 8.5. An honours graduate with around seven years experience got 17.3. A few teachers at the peak of the classroom scales and receiving the maximum additional allowance were almost 60 per cent better off by the two-stage deal.

The effects on the costs on specific schools therefore varied markedly with the "seniority profile" of their own teaching staffs.

The private sector tends not only to employ teachers who are more experienced than the average, but also to enrol fewer pupils for each staff member. Typical ratios in 1986-87 were one teacher to 9.6 senior boarders, one to 12.5 older day pupils, one to 8.8 preparatory boarders, and one to 14.5 in prep day schools. For state secondary and primary schools combined the ratio is one to 17.3.

Moreover - as well as paying above state-school rates, especially at senior-pupil level - independents usually set their fees before the state-sector awards for same year are known. So guessimates of those awards have an important influence on private schools' fee increases, which for the latest year have typically been around 15 per cent.

While teachers' pay is the most complicated question confronting the independents' financial managers, it is far from the only one. "Besides making sure to produce the revenue to cover what they're currently doing, they have to be looking ahead to future developments in education and making provision to cover them," Mr Hanlon says.

"It's fairly common for the governors to include a whole spread of expertise - academic, financial, legal and increasingly in estates management. And while the schools I'm familiar with have been well run ever since I've known them, they've become even sharper as the new generation of business people have come onto their boards bringing up-to-date methods and attitudes with them. Now the bigger state schools are going to have greater powers of self-management, I'd say their prospects will depend a lot on their being equally persuasive and selective in appointing governors."

Even so Mr Hanlon would not pretend that the independents are uniformly skilful in their handling of financial matters. "An example is coping with teachers' salary awards. Some schools, including preps as well as senior establishments, have adopted a long-term view and to a great extent separated their own pay structures from those in the local authority sector. So they're no longer as prone to shocks from the state awards as the independents that have stayed closely linked to the local authority arrangements.



It is obvious from research that more and more parents want the lifestyle and charisma of an independent school for their children. This picture at Harrow in 1986 is part of it. But with the vision goes the constant worry about fees. This page gives some advice for parents who must watch their budget.

Simple economics for parents

THE STOCK market crash last October had some salutary lessons for most investors, including those parents with school fee savings schemes based on equity-type investment.

The need for parents to consider saving in advance in order to ease the ultimate financial burden of private education is clearly demonstrated by the trend in school fees.

These continue to rise remorselessly, well ahead of inflation, for a variety of reasons, including the need of schools to keep abreast of modern educational technology developments.

The annual survey by the Independent Schools Information Service (ISIS) showed school fee levels now standing at nearly £1,700 a term on average for boy boarders - 10.6 per cent higher than the previous year.

There are several ways in which parents can meet the school fee bills when they arise. First they can pay them out of current income. Indeed for most parents this will be the main method of payment.

However, such payments have to be made out of net income. Although the Chancellor of the Exchequer, Nigel Lawson, is expected to reduce tax rates in his Budget next week, payment of school fees represents a massive drain on the family resources, particularly if more than one child is being educated privately at any one time.

Various surveys undertaken by Isis and certain school fee specialists have one overriding message - many of those having their children educated privately have limited financial means and

undertake tremendous sacrifices to their life style in order to finance that private education.

Next, parents can save in advance towards the fees bill. However, it needs to be emphasized that parents should not aim at meeting the complete fee bill through savings. If they can afford to set aside enough of their income to save for the complete fee, then they can usually afford to meet the bills out of income anyway.

The main exception arises if the father is working overseas for a limited period on high net earnings.

There are a variety of methods in which savings can be undertaken. Originally, school fee specialists concentrated on using traditional with-profit contracts as the basis for the plans.

However, a decade of rising equity values worldwide resulted in many school fee specialists basing their savings plans on unit-linked life assurance and unit trusts to take advantage of the superior returns being achieved compared with that achieved on the traditional with-profit system.

The stockmarket collapse last October reminded everyone that there is a risk with equity investment and investors need to be aware of that risk.

The time at which the school fee bills will arrive is known in advance. If this coincides with a fall in stockmarket values such as that seen last October, then there could be a shortfall that would have to be made up from other financial sources.

Under the conventional with-profit style of savings, investors receive a reversionary bonus addition to the maturity benefits that up to now had an inherent stability. In addition, the traditional life companies have been paying high terminal bonuses on these contracts at the time of maturity.

The old style planning tended to be based on the expected benefits from the reversionary bonuses only, leaving the terminal bonuses to come as a pleasant windfall in offset to some extent the effects of inflation.

In contrast, unit-linked life contracts and unit trusts provided high returns that fluctuated with stockmarket conditions.

The October stockmarket crash could well result in a return to the use of with-profit contracts. If investors are nervous of the underlying volatility of equity markets, then perhaps they should stick to with-profits.

But the lesson of October is not to throw overboard equity-type investments but the need for continual financial management.

When markets are low, investors get more units for their money.

If markets are riding high and the time for the first hills is drawing near, then some of the equity profits should be cashed in by switching into building society accounts.

Such a course of action may mean missing the full benefit of a continuing bull market. But the lesson is that it is better that this should happen than to be caught in a bear market.

Investors unfamiliar with the equity market need expert guidance and to rely on the specialist running the scheme - the performance record needs to be

checked independently.

For short investment periods before the hills arrive, some specialists use deferred annuity contracts. These provide high returns with guarantees.

Unless one is playing the market, the benefit from equity investment comes over the longer term.

Next, parents may help ease the school fee burden by utilising any capital resources. Many schools will accept lump sum payment or part payment of fees in advance, suitably discounted.

But such offers should be compared with what the specialists themselves can offer, either on a guaranteed basis or on a unit-linked or unit trust scheme.

Finally, parent can consider bridging the fees gap by borrowing against assets, invariably the house.

The dramatic rise in house prices means that parents are sitting on a high value asset, which could be used to meet the fees bill.

The solution put forward is to borrow against the value of the house and repay the loan by means of an endowment or pension contract several years after the children's education has been completed - the Endow-Now-Pay-Later system.

Several schemes have been devised by the specialists, the underlying theme being flexibility. The house is valued and a loan facility is set up based on this valuation, less any existing mortgages.

charged on the outstanding loan. This course of action can be extremely costly in the long-term. Ideally it should only be recommended as a final resort.

But all signs are that it is becoming one of the principle means of financing the school fees bill. The total amounts being borrowed under the various schemes run into several millions of pounds.

Of course, in many cases financial help is provided by other members of the family, particularly grandparents.

Here, grandparents and other family members, but not parents, can get favourable tax treatment by using covenants to make the payments.

Under current tax laws, if the payments are conventioned to the children, then it is deemed to be the income of those children and basic rate tax can be reclaimed on the covenantary payments.

It should now be obvious that provision of school fees should form part of an overall financial planning exercise for the family.

Any specialist ideally ought to start with an assessment of the family income and outgo - identifying the income shortfall that will arise when the fees become payable.

Then and only then should parents consider the means by which that gap can be bridged - savings, use of capital and borrowing. And this is very much an ongoing exercise. Any plans should be reviewed every two or three years to take into account changing circumstances.

Costs of running independent schools - 1986-87

Type of expenditure	Average spending in £ per pupil			
	Senior boarding	Senior day	Prep. boarding	Prep. day
Fully comparable costs:				
Teachers' salaries	1,436.8	1,133.5	1,221.0	705.5
Other pay & Nat. Insurance	651.5	253.0	794.1	277.5
Catering	601.6	63.0	407.5	44.6
Books & teaching materials	140.7	71.5	96.2	37.1
Games & entertainments	84.0	13.9	54.3	6.1
Laundry & general expenses	104.2	84.3	134.7	32.5
Semi-comparable costs:				
Rates & insurance	117.9	44.5	98.7	30.6
Fuel & lighting	207.4	52.2	141.3	40.4
Property repairs	318.4	88.8	752.9	42.4
Grounds	107.8	14.8	108.1	38.9
Household maintenance	118.4	62.1	138.5	41.9
Travel & profess'l charges	42.7	22.8	114.2	17.3
TOTAL	3,914.0	1,830.3	3,472.5	1,312.0

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WEEKEND FT REPORT

Crammers with a difference: Alan Forrest reports
Hard work and freedom

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The answer, of course, is an independent further education institution, or "crammer" - if that's what you want to call it. My experience of these establishments was a visit to Collingham, where I must say I found the atmosphere pleasant, studious and discreet...



Waiting for wisdom... the start of a new day at the HQ of Collingham Tutors.

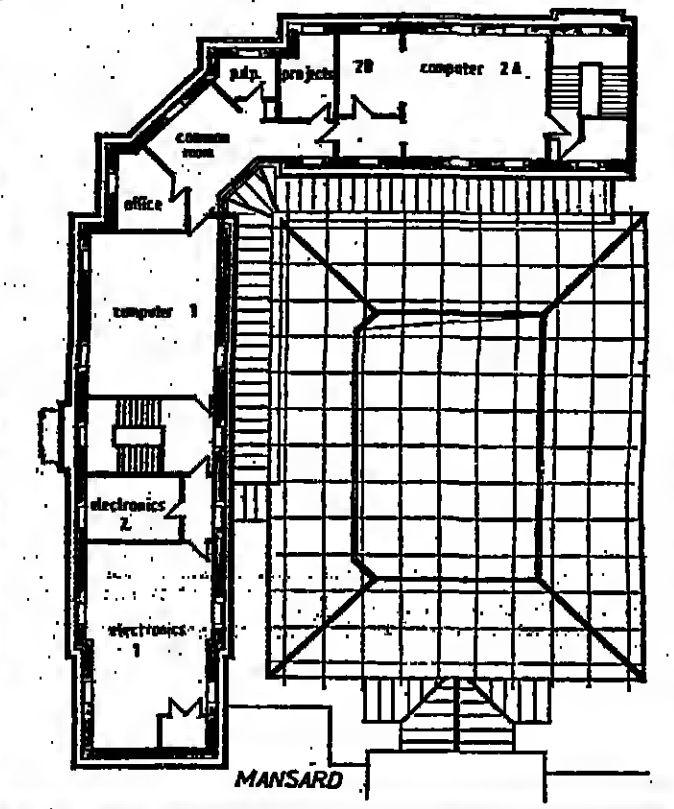
Calls for help

CHOOSING AN independent school becomes more important as the polls record more and more parents opting for them and the pressures they are willing to sacrifice to make possible the glittering prizes they believe are at the end of the trail...



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Secret Places

A good Cnicht story

IT WAS 22 years ago that we first took our children on a walk. Danny, then all of one year old, spent most of it asleep in a baby-carrier on my back, his head lolling to one side so that I was permanently off balance. His younger brother Seth was even less aware of his surroundings. It was four months before he was born and my wife had even greater difficulty than I in maintaining her equilibrium.

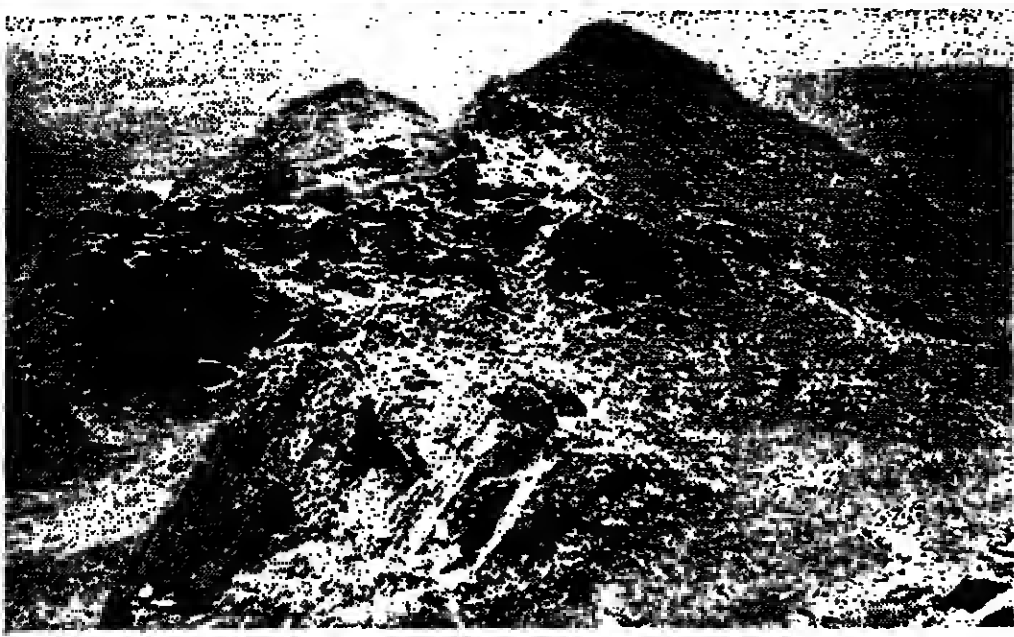
Our walk lay along Glen Desarry, a romantically desolate glen at the far end of Loch Arkig in the Central Highlands west of the Great Glen. Our ambitions were limited in those days, and after reaching the top of a gentle crest two miles or so from our start we headed back.

When our sons no longer insisted on being carried everywhere, we felt that we had to devise a policy towards the activity we enjoyed so much. Was it right to take our sons walking with us, so that they were unquestioningly inculcated with our way of life? Or was there some way we could introduce them to the sport while preserving their freedom of choice?

In the end we baptised them gently, taking them on occasional short walks and waiting to see if they asked for more. I still wonder if I was doing the right thing when I led them up their first mountain, a gentle mound of County Cork less than 1,000 feet high. It rained for most of the way, and their view of the proceedings appeared to be captured in my summit photograph that showed them sitting, wet and bewildered, on a small pile of rocks.

Now they are young men I have posed Danny and Seth the question that preoccupies me so much: did they - do they - feel they were brainwashed into climbing mountains? They admit that it is hard for them to tell, but add that since hill-walking brings them immense pleasure, they don't really mind either way.

I have posed another question: which of their early walks do they especially remember? As one, they answer: "Cnicht." Cnicht sounds like a joke. How can any self-regarding mountain



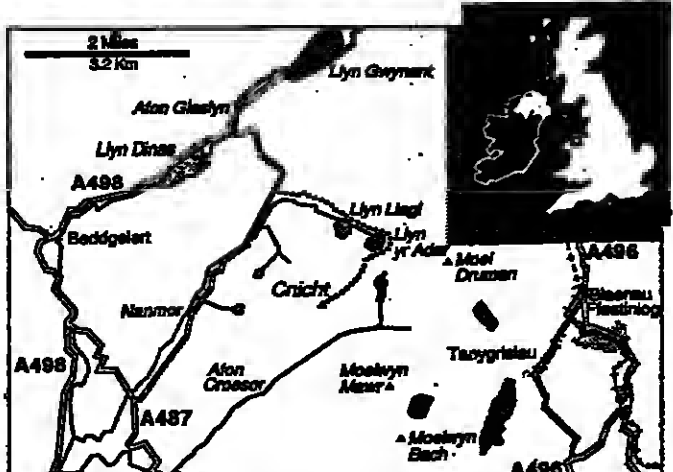
The summit ridge of Cnicht in North Wales

have so unimpressing a name? The word in fact points to a noble provenance, for it means "bright." We climbed Cnicht when Danny was 10 and Seth eight. We chose it for some of the reasons which have given its relative obscurity, and therefore also qualify it as a true "secret place." Cnicht lies close to the heart of Snowdonia, where it is overshadowed - in both senses - by the region's 3,000-foot peaks: Tryfan, the Glyders and the Carneddau, and Snowdon itself.

At 2,265 ft it is far lower than its illustrious neighbours. But it displays many of the characteristics of a full-scale mountain, with a tumbling waterfall, plunging cliffs, swooping ridge and a satisfyingly crisp summit. Like the best of the secret places, it also has a marvellous surprise. And - as befits this series - our first attempt ended in failure, so we were honour-bound to return.

Our first bid began at the back door of the cottage where we were staying in North Wales. The map showed that by following the river that flowed past the kitchen window we would be led to the foot of Cnicht's southwest ridge. But it had been raining for most of the previous week, and our attempt petered out in sudden undergrowth.

Two days later we tried again, this time from the other end of Cnicht, a far more picturesque approach. There is also a path. It begins in the sequestered Nannor valley, an area of working hill-farms, and leads over rough pasture to a farmhouse. From there it winds beside a tumbling stream which proves to emanate from a circle of water, Llyn Liagl. It is a sombre, almost threatening place, with the water glinting



black from the reflected granite walls around it.

The way ahead beckons all too clearly: it ascends the only break in the granite crags, marked by a cascading river that has carved a path from fully 600 ft above. It is less daunting than it appears and it is possible to chase your own route. When we came over the crest of the cliffs we found that the river was the outflow of a second lake, Llyn yr Adar, which filled the hollow of an unexpectedly broad plateau. Beyond was the ridge leading to Cnicht's summit. As we approached there came the incident which helped cement the day in our minds. Danny's most of all. Across the track lay a brilliant patch of green which Danny took to be a fern frond. It turned out to be a most infirm bog, and Danny was swallowed up to his waist. As we hauled him out he burst into tears, caused not by discomfort but our tactless laughter.

It was a sunny day and Danny dried out with the exertion of

climbing the steep ridge ahead. Like all the best mountains, Cnicht had a false summit to lure you into thinking that your task is done. We overcame it only to see the true summit ahead, a stony pyramid worthy of a far higher peak and conveying a fine sense of triumph as we breached its final defences.

Now came our reward. We had climbed for the most part with Snowdon at our backs, but now that we had time to look around we saw the entire massif ranged before us, save only for its summit which was capped by a ceiling of black cloud. To the south west, beyond a plunging cwm at our feet, lay Tremadoc Bay, astonishingly blue; to the south and east, a sea of lesser peaks.

None of these is a secret. But our vantage point made Cnicht one of the best secret places, which has lodged in the memories of Danny and Seth, as well as our own.

Peter Gillman

Gardening

Tear a strip off the lawn

WE ARE told endlessly how to lay lawns; but what about those who want to take them up? I would like to use this subject as a cue for a cautionary tale: it pays to think very carefully before you fall into false economies.

My latest bout of lawn-stripping has just finished, having exhausted several backs, spoiled a good pair of boots and left me stooping on most Monday mornings since mid-November. The point of turf-lifting is to make gardeners' lawns into a garden. I do the job every time I do it and I think it has been made worse by knowing too much about the examples of others.

Historically, the most admitted leaders have been the people prepared to share the dirtiest jobs with the men to whom they paraded them out. A sense of history makes any garden-employer feel guilty. I treat turf-stripping as if it were a dangerous mountain attack, where others should not be asked to do what you do not wish to do yourself.

Of my various helpers, one left to go camping and hitch-hiking in Spain during mid-winter, saying that it would help him to recover. Another, confessed charmingly that he was "just about worn out." The third, more lethally, proposed an alternative which has left me wondering whether the whole operation has not been superfluous masochism, saving about £20 after four months' dedicated effort.

Needing a compass, I defined my methods by blurring the gardening dictionaries. Ever since the 1950s, they have been showing us all how to cut turf. You need one of those turfing-irons with a curving swan neck, heavy boards and a spirit level; heavy boots and a wheelbarrow. The turfing-iron is supposed to slice neatly under the lawn, roll back a grassy green caterpillar of living turf and leave you to cart it away to be levelled and dusted with compost where you want a new lawn instead.

Perhaps there was an art to the

turfing iron which I never quite mastered. It has always been easier for me to use a spade, applied almost horizontally by squatting down near ground-level and pushing as hard as I can along its length. It is a vile job, and although some of the gardening books show a pair of feet in boots to encourage you, I think they are now on the wrong tack.

They are showing us all how to garden: they are not showing the bigger operator how to save time and effort. If you want to lift turf, the books assume that you will not be crazy enough to lift very much, and show you a picture of a few square yards. They never do sums or calculate time and labour. Their idea of machines are small garden machines, as if nobody could hire serious weep-ers. They are DIY guides when the one thing the bigger operator will do is his back, not his flow-er-bed.

Brainwashed by the old books, I have spent weeks taking out a large turf-transfer. Large squares of grass needed to be cut out to make new flower beds. To save money, as I thought, the same grass must then be hauled to house and a lawn. Since 1970 buyers of both have been hideously

court. The areas totalled about 100 sq yds, quite apart from the ruts left by last year's exercise in pool-building, some of which have flooded in the wet winter.

Unless you are a genius with an Edwardian turfing-iron, I defy you to cut each strip of turf to the same thickness and length. You are bound to break some of it, whereupon I defy you to lay it absolutely flat when you are dealing with irregular strips of uneven thickness. Time, labour and money (as my final helper observed at the end of the job) have slipped away.

Having finished, I realised that it is almost cheaper to buy turf which has been cut by machines so that it will unroll evenly like a carpet. I know why I never thought of this tactic. I keep a mental turf-index which is my private check on absurd official rates of inflation. In 1974, turf sold in the local newspapers at 12p a square yard; the same turf is now selling at £1.20. The supply of grass has not shrunk seriously, but the Turf-Index has almost matched house prices and made a total nonsense of official price-rises. The two things which any sane Englishman wants are a house and a lawn. Since 1970 buyers of both have been hideously

impoverished. Outside turf, anyway, would probably be riddled with beetle-plantains. On inspection, I have to admit that my own turf is not exactly weed-free, but I expect I will like its daintier in spring. The attempt to economise has not brought higher quality. If you are planning the same business, a wiser method would be to dig the existing turf deep down into the lower spit of each new flowerbed, leaving it to enrich the soil as it rotted.

That course was not open to me, because my new flowerbeds stand on a thick layer of shale, about four inches below the surface. However, they could have been rotavated, using a machine of five horsepower or more to cut up the grass - a quick rake and the flowerbeds could have been made in a morning. Contrary to the books and normal economies, it would then have been cheaper to buy pre-rolled turf.

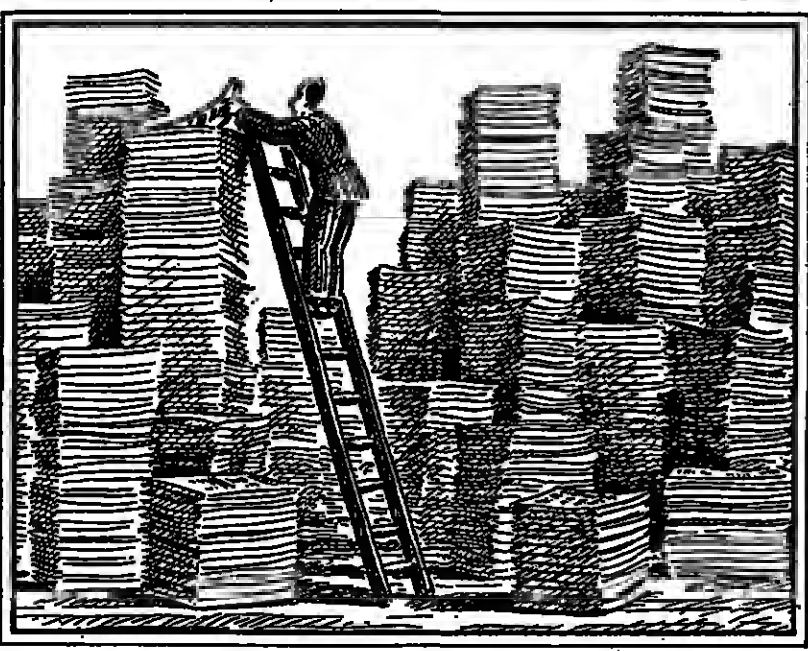
Being machine-cut, turf is nowadays much more level. Grass farmers have been horribly quick to see the possibilities. They can sell off their grass meadows along with their milk quotas and go over to get more fields of stable grain. You now see big turf-machines stripping old pastures of their best grasses, a sight which up till now has turned my country-loving stomach. I now see that the machines cut each strip much more evenly than you, I and the gardening dictionary. Elsewhere, the results can be wonderfully convenient lawn.

I mention this episode as a cautionary tale, because I so often find myself plunging into traditional methods which could be done more easily by less "horticultural" means. Sometimes, we gardeners embark on a huge, traditional undertaking, only to find at the end that it could have been done more cheaply by buying in stock, hiring machinery and not by doing every single job from home resources.

Robin Lane-Fox



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A COVERING on the surface of soil can alter the growth of plants profoundly. Mulch is the name for such a covering and mulching is the act of putting it in place. Mulches can be of many different materials, from natural products such as manure and straw to manufactured materials such as plastics and paper.

Each will have its own advantages and drawbacks, best understood if one has a clear idea of what mulches can do.

A loose mulch of manure, grass, seaweed, leaves, deep, will feed the soil with essential chemicals, give it extra humus and so improve its texture and stimulate healthy bacterial activity. It will also reduce loss of water by surface evaporation, retain soil warmth, smother small weeds and hinder seed germination. It does not hinder water soaking into the soil because it is porous and so it can be applied at almost any time of the year.

At the other extreme are plastic films and mats which add no useful plant food to the soil nor any humus and, unless perforated or made of plastic film, are likely to be impervious to water. It is this close coverage of the soil which makes them extra efficient in suppressing weeds. They are best used when the soil is well supplied with water for if it is already dry they can actually make matters worse by encouraging heavy rain to run off the surface.

In recent years transparent plastic film has been much used in winter and early spring to cover some market crops which are a little tender or which fetch a much better price if they can be

Mulch ado about nothing

harvested a few weeks ahead of those from open ground. Such coverings serve the purpose of a mulch to begin with and then become a kind of flexible cloche which is pushed upwards by the crop which it protects.

To be fully effective the sheets must be both broad and perforated so that rain can trickle through. By contrast black polythene film, used primarily to smother weeds, can be in narrow strips suitable for laying between rows. It need not then be perforated since the rain will run in at the edges.

A recent development of this kind is a very thin and light artificial fibre fleece named Acryl F17. This is intended for use as a covered mulch and plant protection and needs no perforation since it is permeable to water. It feels flimsy but is astonishingly tough and light. It is distributed in Britain by Hydrocort Limited, Burketts Lane, Sudbury, Suffolk.



Much thicker and more durable plastic mats have been developed, all to the centre so that they can be slipped around plants. These were first used for strawberry protection but are now applied in many other ways. Between these two extremes of rapidly decomposing manure and slow degradable plastics there is an increasing choice of mulching materials each with its own advantages and drawbacks. Peat is one of the most popular because it is light, clean, easy to use, readily available and attractive in appearance. It does not enrich the soil but it does add humus and stimulate bacteria, especially if backed up with a nitrogenous fertiliser. The ground that is regularly spread with peat soon becomes very easy to hoe and weed because it is so crumbly on the surface. Old mushroom compost has much the same effect but usually contains considerable quantities of chalk which can be an advantage or drawback according to how the plants being grown react to lime. The waste material challenging

for first place as a mulch around ornamental plants is pulverised bark. For generations this was considered undesirable because it encouraged the growth of toad-stools and lowered soil fertility. However, toadstools are now recognised as harmless to plants and the fertility problem can be rectified with fertiliser.

The twin merits of bark are that it is first class at suppressing seedlings, lasts for years and decomposes slowly. It is now readily available in bags at most garden centres, which is fine for owners of small gardens but too costly for those with acres to control. In some places it is easy to purchase loose bark by the lorry-load. But lack of supply is why I still rely mainly on mushroom compost.

Paper makes an excellent weed-smothering. Moisture-retaining mulch and is usually available from home waste. Unfortunately, it is unsightly, apt to blow about when dry and makes such a solid layer that it is almost impossible to hoe or even hand weed.

I have beside me a roll of hortopaper made by Swedish paper-makers Orebo Peppersbruk and distributed in Britain by Hydrocort. It looks like heavyweight brown paper and is described as a peat paper. It can be cut with scissors and the colour is so like that of soil that it is not at all conspicuous in the garden. Each roll is eight metres long and 0.6 metres wide and costs about £5. I gather there are, as yet, two stockists in Britain. A little good publicity should rectify that.

Arthur Hellyer

Life with a feline barometer

OUR CAT is behaving very badly at the moment. If I did not know her better I would say it verged on the bizarre. She is rushing about the house, over the chairs and under sideboards and chests with her tail stuck into the air like a ship's mast. The reason for this poor behaviour is clear: it is going to snow and Pushkin is one of the best barometers in the country.

Until Pushkin appeared on the scene I had not cared for cats. They are curious animals and I often wonder why they arouse such strong feelings; they seem to polarise opinions much more than dogs and that is saying something for a nation of dog-lovers. One of the few regrets I have in my life is that I did not become familiar with cats until the winter of 1981, during which, you will remember, there was a fair fall of snow. Pushkin knows something of snow.

During the summer of 1981 one of the village cats gave birth to a litter under a hedge at the end of our lane. For a long time we heard their mewings, saw the mother move in and out as she foraged for food, and occasionally saw the kittens playing in the sun.

They never moved far from their safe haven. It was safe because the hedge is a Hawthorn, well-maintained and thick from the bottom up. Within a month or two we thought their numbers had reduced but we still could not get to the survivors.



Country Notes

mother set back - the mother was killed by a passing car. By November we were feeding one kitten and were very nearly able to tempt it out while we were there - it was feral in the extreme.

However, by mid-December and only because it was getting very weak, my wife at last managed to get it into a box with a pram net over it. Safe. Now for the tricky part: how do you tame a wild cat? Mrs Ellery, who knows about these things, advised a good butchering of the paws before shutting the kitten in the old privies. It worked. The cat now brought in from the beginning of an arctic winter was called Pushkin, a noble name for such a ragamuffin, you might think. But this cat is a real survivor, has great character and a lot of courage. I am beginning to have a very high opinion of this race of animals.

After a year or so of semi-wild existence with a great deal of catching, scratching and spitting, we managed to find a way of living together in mutual respect. Pushkin became pregnant and apart from the obvious increase in her size her demeanour took on a more friendly approach. Double rations built her up for the great event, which took place in a hollow elm tree at the top of the drive.

Thinking that she would prefer the safety of the privies my wife and I carefully carried the litter to a well-made nursery. It was a lovely hot summer's day and we did not hurry the work. Pushkin followed us patiently up and down the drive without showing any concern. However, when we had taken the last one to the new nest and settled them in, she solemnly picked them up one by one and gently took them back to the tree. So be it.

In late summer she came in one morning for her milk in a very battered state. The left side of her head was badly swollen and she had lost the sight in her left eye. It was not something that even our vets could mend. From the marks on her we deduced that she had been in battle with an owl while protecting the kittens.

Apart from the loss of her eye, she recovered with no lasting effects. What I find interesting is that her monocular vision does not seem to have any effect on

her hunting skills. I have watched her for long periods of time while she hunts and all I note is a slight inclination of the head at the moment of pounce. Pushkin has a sense of debt. Every morning at dawn she sits under the bedroom window making especially loud noises to announce the gift of a selection of headless voles, mice and baby rabbits. There are no rats and yet we are infested with them at the moment; perhaps this is where her impaired vision tells.

Pushkin has become very much a respected member of the family. She lives in great harmony with our golden retriever, but treats the sheep dog with circumspection, and that seems to me to be wise. Even as I write, the first flurries of snow are falling - I wonder if the Met Office would like to borrow Pushkin?

Bobby Robson

Advertisement for SNOWDROPS, featuring 40 varieties of flowering plants and bulbs, available from 23rd March.

Advertisement for SPIN AUC, featuring a pink product.

DIVERSIONS

England's mysterious mazes



The Maze on Broomore Down XXXII.

MAZE hunting is good sport. I do not mean the hedge mazes at Hampton Court in south-west London or Glendurgan in Cornwall, enjoyable though they are, but the mazes that are low earth banks. With them, you always see where you are going, yet they are quite mysterious.

They are low earth banks of old England, only eight are left. We do not know how they were used, nor how old they are, but it is fun to speculate.

These turf mazes are usually circular on the outside. Inside, the banks, barely six high, double to and fro to lead you a long journey to the centre. The maze at Wing in Leicestershire, in hunting country but by a road and between a sewage works and a recreation ground, is a good example.

The maze is only 40ft but walking it (or "running" or "treading", the more usual terms) is more than a furling if you do not cheat by cutting corners. The banks are grassed; between them is gravel. A pretentious tunnel is nearby.

In Hampshire, immediately above where the M3 motorway becomes the Winchester bypass, is another fine maze inside the Iron Age fort on St Catherine's Hill. Apparently, it is known to the Romans as "Labyrinth", although the citizens call it "the minnaze", which is a regular term.

Hampshire has a second maze at Broomore Down, which can be reached by a bridge path leading north-west from Upper Street village past Broomore House. It tried another way, by ear, and was stuck nearly for ever in the upland mud between the New Forest and Cranborne Chase.

For St Catherine's Hill, leave the M3 at exit nine and join the A33. Then, go left at the second roundabout for Moreshead. A short way up the hill, park on waste ground on the right by a waterworks. There, you join a track going through woods round the edge of the works. Keep the fence always to your right.

The track opens onto a comb. A deer jumped out of the bushes and ran ahead of me, stopped and turned to stare. Two hundred yards along the comb, turn right to climb up through the pre-homan ditch and ramparts. On the flat top, which should once have been full of Iron Age butts, is a central mound with a beech copse over the remains of St Catherine's chapel. Next to them is the grass maze, 66ft square.

Mazes have been common in the Middle Ages, but even by the time of Shakespeare they were disappearing. Titania calls the changes in A Midsummer Night's Dream:

"The nine men's morris is fill'd up with mud, And the quaint mazes in the wanton green For lack of tread are undistinguishable."

Cromwell's men destroyed many of them. Like stately and stained glass, they clearly were the work of the devil. Since then they have been dug up, or ploughed and abandoned, even in the past 100 years.

The other mazes to survive are at Hilton in Cambridgeshire (with an obelisk at the centre to say that it was laid out in 1880 by William Sparrow, aged 13, celebrating the Restoration); Brandsby in North Yorkshire; Alkborough in Humbershire (called "Julian's bowler"); Saffron Walden in Essex (on the common bridge line the maze); and Somerton in Oxfordshire.

The mazes are also known as "Troys". Brandsby's is called "the city of Troy" and Somerton's is at Troy Farm. Why Troy, of all



found indoors in medieval churches. There are floor mazes at Chartres and S. Maria in Trastevere in Rome, and one is incised on the porch pier of Lucca cathedral in Tuscany, complete with Theseus and the Minotaur that lurked in the labyrinth. What then, was the use of the turf mazes in England? In 1858, Archdeacon Trollope wrote that they were cut in the 11th and 12th centuries for penitent monks to undertake on their knees. It is a good piece of Victorian piety, but Merrile England is a more likely explanation. Titania's speech suggests village dances and she could not describe the mazes as she does it, 50 or 100 years before, they had been places of penance.

Even if the mazes are by churches - local landmarks the English did not go so far as to depict them in church. By the late 18th century, people were betting at Saffron Walden on who could tread the maze correctly. Beer was the reward. Our turf mazes belong with cakes and ale.

Gerald Cadogan

Masters by other names

Saleroom

NEET MONTH, Clovis Whitfield opens his own London gallery to the public for the sale of Old Masters. The Walpole Gallery in Dover Street is awesomely grand: it once housed the Sandringham Club for Ladies, and the Queen's hairdresser. Now it will be home to some very public paintings.

Along with a 17th century and 18th century masterpieces which make up the first exhibition, "Treasures of Italian Art" there is a lively work by Vasari, which will give change from £500,000. It shows men fishing and is decorative enough to appeal to the growing band of would-be art buyers who find the best Impressionists too expensive and the more conventional Old Masters too unworshipful in theme. Sotheby's Old Master department will recognise the painting but not the attribution. It was sold last July, for £247,500, as a work by Zuccaro.

There has been a spate of "art spaw" in the past two years, paintings which are being sold at the auction houses and then revealed by the more perceptive dealers to be something wonderful. The most celebrated case involved a portrait of Pope Clement VII by Sebastiano del Piombo which was catalogued as a 19th century copy by Sotheby's. Chester and sold six months later at Christie's for £418,000. It had been untraced by a "runner," one of those art market fixers who might not know what is what but know enough to realise what it is not.

In the same week in January, "The Holy Family with St. Joseph," turned down as worthless by Sotheby's last summer, was sold at Phillips for £267,000 as a well authenticated Ambroise Carracci. But here Phillips was fortunate. It had also miscatalogued the painting until a museum director put it right.

These are not isolated examples. A Dutch 17th century scene sold to a runner at a local auction in Scotland recently for £300. The runner took it to Sotheby's which rejected it as unsalable, so it was quickly offered - for £1,000. The next owner tried the painting on Phillips, which recognised it as a work by Aert van der Neer and put a £10,000 estimate on it. It was bought by London dealer Johnny van Haeften for £107,000 and is now for sale at almost twice that sum.

Derek Johns, who headed Sotheby's Old Master department before he set up as a dealer, has a long list of discoveries. Last month at Christie's South Kensington, he bought for £5,000 a battered old canvas catalogued as by the German early 18th century artist Thiele. He recognised it as a work by the north Italian artist Fusch and now has a sparkling clean canvas on offer at the Maastricht Fair this month for £35,000.

Among his other finds were yet another Annibale Carracci, unrecognised by Bonhams and subsequently sold for £275,000, and very recently, a Murillo bought at Sotheby's in Amsterdam, which had catalogued it "School of Murillo" even though it was listed in the catalogue raisonné of the Spanish artist and had a Rihmsmuseum label on its back. Adams reckons to pick up some-

thing worthwhile every two months. In most cases, it is a matter of re-allocating a painting from one unknown Old Master to another slightly better known. There are relatively few masterpieces which are wrongly attributed. Sometimes the salerooms are the other way, assigning a beautiful canvas to a distinguished Old Master. The situation has probably worsened in the past couple of years. There has been an exodus of specialists from the salerooms to the potentially more lucrative, and certainly less frenzied, field of dealing.

It is easy to see why wrong attributions happen. The salerooms are very competitive. Their top people are constantly crossing the world on the hunt for good collections. These left behind to look after the shop have less experience.

Things are not so bad as they were 30 years ago when the department head might assign a painting after a five-second glance and when, to live things up, the junior staff invented artists for anonymous works (A. Bastard was a favourite).

However, as academic knowledge grows, and the universities turn out hundreds of art history specialists annually, each with their own obscure interest, the understaffed Old Master departments at the main auction houses cannot hope to compete with the dealers and scholars' expertise on every picture which they are entrusted.

Antony Thorncroft finds there are areas of the art world where a little knowledge can be a very good thing indeed

A mania for flowers

Collecting

Janet Marsh recalls an era when artful women had their way in a man's world

EVEN IN an age when women were kept blissfully unoccupied by formal education or professional accomplishment, there was one territory where a few enterprising females competed successfully with men and sometimes surpassed them. This was the delicate art of flower painting.

The earliest professional women flower painter appeared in Holland as early as the 17th century. In 1680, when she was 33, Maria Sibylle Merian published her first flower book - a collection of prints of garden plants, hand-coloured by the artist and her daughter.

England's earliest significant flower artist, Mrs Elizabeth Blackwell, undertook the 500 coloured plates of her book, A Curious Herbal (1759), with the noble aim of extricating her husband, Alexander, from debtors' prison. She succeeded although, as it turned out, he would have been better left in his cell, for he became involved in a conspiracy against the Swedish crown and was tortured and beheaded.

These were some pioneers, by the end of the 18th century, reading, writing, music and drawing were considered desirable - even essential - accomplishments for well-bred ladies. Flower painting became a mania. The best families hired drawing masters along with music

masters for their daughters: Edward Lear taught Queen Victoria, and the great Redoute's pupils included the daughters of the Duc d'Orleans. Those who could not afford drawing masters bought the do-it-yourself manuals which appeared in profusion throughout the century - themselves very collectible items today.

Some of these lady painters turned professional and contributed to the many botanical seedboxes and luxury plate books of the early 19th century. Mary Lawrence, for example, painted the first colour plate in 1820, although her drawing was botanically incorrect and she was eventually abandoned by Clara Maria Pope, the wife of Francis Wheatley who created The Cries of London, had a singular sense of spectacle, seen at its best in her ebullient, over-theatrical, Monograph on the Genus Camelias (1819). Many other able

botanical artists, such as Mrs Edward Perry and Miss Drake of Yorkham Green, have left little biographical record.

Christie's sale of botanical drawings and watercolours on Tuesday features a number of these lady flower painters. The earliest artists represented are the sisters Charlotte and Juliana Strickland, who were working in the first years of the century.

Some striking and spirited portraits of the orchids in the collection of the Reverend John Clowes are by a certain Mrs E. Powell, of whom nothing is known except that she worked around Manchester. The work is, nevertheless, attractive enough to be estimated up to £1,500 for a single drawing.

Two watercolours by Mrs Augustus James Withers are estimated at £2,000-£3,000. Mrs Withers, of Grove Terrace, Lisson Grove, north London, was Flower Painter-in-Ordinary in turn to Queen Adelaide and Queen Victoria.

One of the most surprising watercolours was Charlotte Vickers' Camellias, a lady in waiting and close confidante of Queen Victoria. When her husband was appointed first Viscount of India in 1856, Lady Camellias accompanied him there and was fascinated instantly by the landscape and flora.



An orchid portrait by the 'unknown' Mrs Powell of Manchester.

She painted indefatigably, regardless of such incidental catastrophes as the Indian Mutiny, the cook's death from cholera, and the soufflé which collapsed on their 150-yard journey from the kitchen.

The sale includes 14 of her Indian flower paintings, one of the earliest of which (sold with two other drawings as lot 111) seems to mark the start of the enterprise. It is dated February 4, 1857. Poor Charlotte's artistic career was cut short when she died of a fever in 1861 at the age of 44.

Red-faced in Rajasthan

HAVING YOUR face daubed with masses of red paint powder isn't everyone's idea of fun, especially if, for some reason or other, you can't escape and can respond only in the most gentle and decorous manner. But maybe, I thought last weekend when I was deep in the Indian Rajasthan desert, it's all right if some of the people touch your feet first.

That is one way of starting to explain that one of the least covered and most exciting and impressive hotels in the whole of India is Mandawa Castle. It is in a desert town surrounded by sand dunes about five hours' drive south-west of Delhi in the Shekhavati area of Rajasthan, an area which also bred most of the country's top industrial families like the Birlas, Goenkas and Sigmansias.

They belong to the famous, tough Marwari traders' caste whose crumbling old houses, called havelis, are painted externally and internally with brilliant wall murals and are becoming something of a tourist attraction.

The former royal families of maharajahs and lesser nobility, who used to rule large parts of India, still seem to have a lot of pull and respect, especially in the rural areas, 35 years after they lost their kingdoms. That is quite surprising in a country which prides itself, in a socialist-republi-

canish sort of way, on its independence from old rulers.

Mandawa Castle was built in 1526 (there's a gun in the courtyard to prove it), and is owned and run partly as a hotel by members of the Thakur family, which used to rule the local kingdom. We were there for Holi, the annual Hindu spring harvest festival of friendship and colour when people all over India sing, dance, and throw coloured paint, dye and powder at each other.

In some areas a minority knock themselves sideways with drink and drugs, attack visitors, stone cars, molest women, and get beaten by police and arrested. But in Mandawa, a Mahatma Gandhi-type figure called Laxmi Dharji Shukla persuaded the locals 40 years ago that Holi should be peaceful, that there should be no violence and no staining wet dye, just dry powder. That tradition continues, as last weekend's festivities showed.



The night before the festival, a sacred bonfire was lit inside the castle gates, the first sign of the central role in the community that the caste and its family still play. People brought dung cakes to burn, danced around the fire chanting, and then carried away lighted sticks to make fires in their homes.

The men, some dressed as women and in other disguises, started a night of dancing under a full moon to a single drum beating and watched at a respectful distance by their women in bright red, yellow and gold long dresses and veils. The next morning the men, who belong mostly to Rajasthan's proud Rajput and Jat warrior and land-owning castes, formed processions, meandering slowly and noisily through the hot and sandy narrow streets of the town. They covered each other and passers-by with coloured powder and eventually finished back at the castle.

There were more than 2,000 of them and they danced their way into the castle courtyard, performed sword and other dances, and climbed onto a platform to cover the faces of three brothers

of the old ruling family with red paint powder. Some touched the brothers' feet in respect, and were powdered and warmly embraced in return.

There are several famous palace hotels in Rajasthan, the best known being the Taj Group's palaces in the pink city of Jaipur and at Udaipur. These are rather chic and crowded and some new, smaller ones, being run by old Rajasthan families, are more interesting historically. One of the best is a cream-painted, tall, 19-year old palace of a former Jaipur prime minister at Bamode, hidden secretly at the end of a valley in a walled desert village.

Rhanwar Kaur Singh - like the Sikhs, the Rajputs and the warrior title Singh to their names - is in her 40s and runs Mandawa Castle. Her grandfather is the present Thakur. This is one of the hereditary titles given to area tribal chieftains who spent decades - if not centuries - fighting each other and India's Muslim Moghul invaders and rulers.

Shekhavati was a key area because it was on the silk and other trade routes from the Middle East to China and between the Indian Gujarat coast and Delhi. That is why the local Marwari business caste thrived here until the trade went away and they moved eastwards to Calcutta, where they are now busy buying up old, run-down British companies.

A final thought on that respect for the family. Don't forget that most of these people, especially the Hindus, believe in reincarnation. I often tell Sharma, my occasional driver who spends most of his life in his battered Delhi taxi, that it's OK for him playing chicken with the oncoming lorries as he hares in my car along the Rajasthan roads. Like a good Rajasthani, he believes he'll come back again if he crashes - but as a devout heathen, I don't.

Perhaps some of those men in Mandawa hope secretly that next time round they will be a Thakur, up there in the castle. For anyone else, I recommend a holiday there in this life. Don't worry about stories about India's drought. Water is plentiful at the castle. Telephone Mandawa 84 - you won't get through, no one ever does - which is partly why it's such a good retreat.

John Elliott

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As the health craze becomes big business, the fitness industry is kicking sand in the face of the deconditioned Clubs muscle in on a programme for living



Christian Tyler finds that esoterics and metaphysical jargon are all part of the game

A GAME of squash once a week and tennis in the summer used to be the limit of a City gent's exercise. Then he took up jogging and lunchtime sessions in a gym. His wife started going to a health studio for aerobic dancing and a sauna, and fitness became fashionable.

It is a fast-moving fashion and the "leisure industry" is looking for the formula that will turn it into a way of life. Most of the ideas come from the US, wrapped in jargon that is part-scientific, part-metaphysical. The problem for British entrepreneurs is to translate those ideas into English.

In the modern London sports club, a middle-aged and overweight businessman is not described as very unfit; he is "totally deconditioned". He is offered not recreation, but "regeneration of energy sources." When he relaxes, he is practising "stress control."

The fitness business is digging deeper into our minds and our bank accounts. Some clubs are offering something beyond fitness: a "lifestyle programme." Not only is the stressful businessman weighed, measured and tested for pulse rate and blood pressure, he is also questioned about his diet and is encouraged to define his life's ambition and to set himself "life goals" before he climbs onto the exercise bicycle. He is supposed to keep a log of his activities, to learn the mental slurge when things go wrong at work and to find "tranquillity spots" during his day's routine.

quet, bowls, bridge and afternoon tea on a site of over 40 acres. Hurlingham started life as a club for shooting pigeons released from cages. It moved on to tennis, polo and golf as these games came into fashion in late Victorian times. Its constitution states its sole object as "to maintain a Club House and grounds for the use of members and their families and friends."

"We are a club with sporting activities. We are not a sports club," explained Mr Paul Covell, chief executive and secretary. He has visited Riverside and says he is impressed by what he has seen, but he does not regard it as a real competitor.

Yet Hurlingham, too, is having to move with the times. Later this year the committee will be seeking the members' permission to build indoor tennis courts and a covered swimming pool to generate winter traffic during the winter months.

The Riverside club meanwhile is already hoping to expand on its 10-acre site. Shareholders are being invited next month to put up another £3m to double the number of tennis courts and add a second swimming pool. "Lifestyle programmes" are about to be launched.

"Private clubs want to do the same as us," said Mr Andy Holmes, Riverside's managing director. "But because they are owned by their members they have lots of little pressure groups and committees to deal with."

Both managers say that the keep-fit boom is likely to be permanent. But the modern clubs with their smaller sites and huge equipment costs are more at the mercy of fashion. For instance, the popularity of squash has peaked in Britain, as has the popularity of tennis in the US. Aerobic dancing may be over the hill everywhere.

Mr Holmes believes that Riverside can spawn another four or five sister clubs around the periphery of London and eight or ten in the country as a whole, all selling a combination of sport, fitness and what the Americans call "wellness."

"The fitness-leisure industry is on the up and up," he said. "I just don't believe it's a fad."

Lucia van der Post on companies which help you "feel the burn" at home or in the office

NOT EVERYBODY is clubbable and there are some for whom time is so pressing that only exercise taken in the home or the office is possible. So, instead of spending time and energy going to classes, do as the prophet does and let the mountain, in the shape of the Overstufelmeier, the teacher or guru (depending upon your choice of task master) come to you.

If the home is where you prefer to expose your leotard and your bulges, then call Alex Kissin's Fitness Connection. You can either do it alone or gather a group of friends together to get fit in a chummy kind of way. Alex Kissin guarantees that all the instructors are professionally trained - no need, I imagine, in these post-Jane Fonda days, to



All together now - all mod-cons at the Barbican Health and Fitness Centre

Clubs in the City take some beating for equipment, style - and cost, says Clive Wolman

IF YOU need evidence that the City is increasingly resembling a US enclave in its work ethic, salary levels and life style, take a look at the lavishly equipped, high-charging, luxury sports and fitness clubs that have been springing up.

Over the last few months, two new mega-clubs have been opened in the City and at least two more are in the pipeline. Even if the job and bonus cuts of the last three months have reduced the capacity of some City workers to fork out the larger membership fees required, the promoters of these ventures say that their need for such facilities has been made more pressing by the sharp rise in stress levels noted in several surveys since the October stock market crash.

The only long-standing sports club in the City with comparable facilities is Cammons, under the

arches of Cannon Street railway station. Despite the emergence of competition, the level of applications for the 4,000 membership places at Cammons has remained so high that the club has had to close two of its three membership categories and has a three month waiting list for the third.

The most ambitious project, the Barbican Health and Fitness Centre, has been set up at a cost of more than £2.5m, of which £2.25m of equity was raised through the tax shelter of the Business Expansion Scheme. But the club is effectively being run as a subsidiary of the Health and Tennis Corporation of America, the largest health and fitness club company in the US. It is managing the club in return for a profit and equity related fee.

The decor and interior design - bright carpets and walls covered with mirrors - follows a formula designed, tested and refined in NYC's 300 clubs in the US. Some members consider it exhilarating, others garish. The piped rock music and neon lights add to the discotheque-like atmosphere of the hall that is necessarily being used for weights and exercise machines. Manager David Giam-

paolo aims for members to view their sessions as an enjoyable form of recreation rather than as a Spartan discipline.

The club offers such luxuries as a free towel service, a health food bar and Rentars screens for the traders who have to keep in touch with the markets. There is also a link via cross-membership with the newly-opened Barbican Medical Centre next door. The Centre draws heavily on the techniques of preventative medicine from the US. Its founder, Dr John Garbarino, offers an extensive health and stress screening programme developed by St Bartholomew's hospital.

Giampaolo has been in the fitness business for 17 years since opening his own gym in Florida at the age of 17. The slightness of his physique is misleading. As well as building up two chains of fitness clubs - the second of which he sold to HFC - he has also won the title of Mr Florida (lightweight division) for "body-sculpting." He combines irrepressible enthusiasm with the professionalism and sophisticated sales techniques of what is one of the most profitable leisure companies in the US.

So far only one section of the club has been opened and the membership, set at a maximum of 5,000, remains relatively small. But in June the remaining facilities are due to be opened (two months behind schedule). These include on one level a 25 metre long swimming pool, saunas, solariums and a whirlpool bath and, on the level above, a gymnasium encircled by a banked and cushioned running track. Just in case you get bored with doing the same exercises on the same equipment session after session, which is quite common, for example, on the 25 Nautilus machines used at Cammons, HFC is spending more than £400,000 on 175 cardiovascular and muscle-building machines.

But even the Barbican's machines, which have been imported from several manufacturers in the U.S. and Finland, are overshadowed by the exercise machines offered by Cottons Sports Club, which is on the south bank at Hay's Wharf just east of London bridge. It was opened last year as the fifth, and by far the most lavish, of a chain of sports clubs in the City run by Mike Corby, a former Lloyds

insurance broker and British international squash and hockey player.

The most spectacular feature of the club is its Powerwise exercise machines backed up by "bum-bum" coaches. You start each session by typing in your identification number and then go to a row of machines, each of which has been given a synthesised voice and a reassuring name like coach Harry, coach Pierre and Wally the weighing machine.

If you haven't attended for a long time, you will be greeted with a complaint from Harry that he feels neglected or a remark that he has been bearing all kinds of gossip about you in your absence. If you start slacking during the exercise, he will tell you: "Don't wimp out." He will also give you technical advice, for example, on extending your arms further and will lower the weights if you are struggling. An energetic performer, with a high score (marked out of 100), will attract such comments as: "Are you sure you're not Rambo?" When you move onto the next machine, you are likely to be told: "I hear you scored 90 with coach Pierre, but you won't find me so easy."

The gymnasium and facilities have been furnished with softer pastel colours than at the Barbican and the tiles of the swimming pool are in an alluring deep blue. Cottons and Cammons, in contrast to the Barbican, also have squash courts which offer more variety to those tiring of endless weight exercises. But although Cottons has only 3,000 members, it already suffers from overcrowding, especially at the peak times during the lunch hour and immediately after work. The changing rooms are particularly cramped.

The costs of all three clubs are high although all offer substantial discounts for corporate members. Cottons charges a joining fee of £57.50 and an annual fee of £275 for the use of facilities by an individual, with a supplement of £2.50 court fees. The fee for husband and wife is £362.50.

Cottons' rates are slightly lower. The joining fee is also £57.50. Annual gold membership, which covers all facilities, costs £491.66 at present, but will go up by £115 in April. There are no court fees.

The best bargain however is offered by the Barbican club. The £800 joining fee seems outrageously high even though the payments can be spread over four months. But for those who join within the next few weeks, their membership will be transferrable. In other words, when they leave they will be able to sell the membership at the going price, in the same way as the Japanese sell their golf club memberships.

As Giampaolo expects to raise the joining fee later in the year, the chances are that you will sell out at a profit, although like any investment, there is a risk of loss, if something goes badly wrong in the running of the club or it fails to achieve popularity.

The Barbican's annual membership charge, which will not be levied until all the facilities are opened, is low and guests can normally be taken in free of charge. Those who join now will lock into an annual rate of only £190, which will not be increased. However, Giampaolo's tactics are to raise the rates gradually as the club becomes more established and as an incentive to early joiners. The fee also entitles member

He says that the high initial fee is a way of ensuring the club's exclusivity - as only those who are serious will be prepared to incur the expenditure. But at least a large part of his target membership, those City financiers who are acquainted with the principles of discounted cash flow analysis, should be able to work out that in the long run, the costs of the Barbican club are much lower than those of its two competitors.

Barbican Health and Fitness Centre, 97 Aldersgate Street, London EC1. Telephone: 01-374 0091. Opening hours: 6.30am to 10.30pm weekdays, 10.00 am to 6.00 pm weekends. Cammons Sports Club, Cousin Lane, London EC4. Telephone: 01-283 0101. Opening hours: 7.00 am to 10.30 pm weekdays, 10.00 am to 7.00 pm weekends. Cottons Sports Club, London Bridge City, Tooley Street, London SE1. Telephone: 538 3870. Opening hours: 7.00 am to 11.00 pm weekdays, 10.00 am to 2.00 pm weekends.

stress how much that does matter; do an exercise the wrong way and you cause stress instead of improvement.

You can discuss what it is you are aiming for - weight loss, improvement of posture or tone, cardio-respiratory fitness - with your instructor and he will devise a programme for you. The instructor will arrive complete with mats and dumbbells, but if you fancy getting fit some other way - say with a little karate, or swimming - instruction in that can be provided (you provide the swimming-pool). Charges are £20 an hour - if you share that with, say, three other friends, that works out a lot cheaper than most clubs and for the really hard-pressed, it is infinitely more time-effective.

Clever employers know that fit workers are more efficient work-

ers - all the evidence shows that exercise, far from depleting stores of energy, recharges them, so providing exercising facilities on the premises could be made to look like a good investment. It might at the end of the year even bring a smile event to the chaps who guard the bottom lines. Carol Hampton of Energy Unlimited is one of a group of exercise teachers who will come to the workplace and tone up the staff on the spot. Usually Energy Unlimited persuades the employers to contribute the floor space and something towards the cost of the teachers, while the staff pay a session fee as well. Though the classes usually work out cheaper than those at a club - £40 is the usual charge for a 45-minute group session, the real gains lie in the lunch-hour is spent keeping fit, not grappling

with tubes, buses or taxis. Finally, Fitness for Industry, which once conducted a popular session at Selfridges testing the fitness of any FT male reader who cared to turn up at the Aramis counter, specialises in providing fit company advice on how to keep fit. Should any company be brooding in a splendidly forward-looking way on how best to provide facilities to help its staff keep fit, Fitness for Industry are the people to call.

Alex Kissin's Fitness Connection, 4 Holmway Hill Road, Bushey Heath, Hertfordshire WD23 1JG. Tel 01 950 9432. Energy Unlimited, 70 Sutherland Avenue, London W9 2QS. Tel 01 236 7240. Fitness for Industry, Flames Health Club, Galena Road, Hammersmith, London W6. Tel 01 741 8536.



Work out at home the Alex Kissin way

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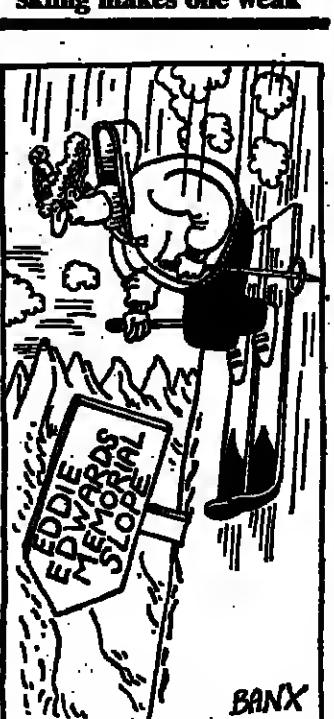
A skit on the slopes

Sandra Burbidge takes off with her family and finds that seven days' skiing makes one weak

SATURDAY. Leave home in over-filled, over-tinged car. Back contains children of varying sizes, mostly mine, teenage tape player produces awful noises, pair of skis divides a car neatly in half. On arrival at airport discover have left all Woolworths' booth photos (essential for ski passes) at home. Simple research finds airport photo booth tucked away in a corner, more research reveals that if one person sits in booth and dashes out the instant light has flashed, next person can dash in and sit down before light flashes again. Proceed with this and four people are "done" for the price of one. End result not at all flaming.

SUNDAY. Ski very gently all day on nursery slopes with smallest child while big children, advanced and adults, hurt themselves down vertical precipices. First back to chalet. Find delicious tea of fresh bread and cherry jam and lemon cake laid on table by fire. Partake of this feast, pour large gin and sip it in hot bath. Skiing holidays are much to be recommended.

MONDAY. Awake to fog and snow. Am not brave enough to suggest a day at home reading books and find myself following adult members of party up longest and highest cable car to very top of mountain. Follow expert member of party with mounting trepidation. Fog so bad cannot tell if going up hill or down. Do not fall over and confidence rises. Ski fast and blindly and suddenly shoot out of cloud and into sun. So surprised fall over and bruise thigh. Return to chalet late to find children lying about in heaps and all coffee cake and hot bath water gone.



TUESDAY. Awake stiff and aching but cheered by bright sun, clear views and egg bread and porridge for breakfast. Sky is navy blue and air shimmers with silver glitter from snow. Ski well in perfect conditions. Entire party plus friends and instructors gather for mushroom omelette and raclette cheese and copious

amounts of wine at mountain café. Small children on separate table where they can knock over their orange juice in peace. Large boys say they would like to ski with us after lunch. Very flattered. After three minutes they are out of sight. Do not see them again. Follow map down long deserted piste, sun gets low, snow gets icy, so head for home. Fall over on way to home and bruise other thigh very badly. WEDNESDAY. No morning ski

Oh, what a lovely bore

Julia Berney takes a trip down by the River Severn to realise a lifelong ambition

ON A rain-washed morning last spring I drove through the Gloucestershire flatlands to realise a lifelong ambition. It was breakfast-time and a Sunday and nothing stirred, save a cock pheasant mimicking along the verge. Knots of mistletoe dripped from apple trees in the bleak orchards. The village looked still asleep, and no car save mine crossed the juddering bridge above the Gloucester-Sharpness canal. The emptiness of the road was baffling, for this was the time of the equinoctial full moon, and therefore an extraordinary day.

But all the world, I soon discovered, had reached Stonehenge already. Some were well-acquainted with this meander of the great river, others, like me, were first-timers. Everyone awaited the Severn bore.

Serene the river flowed seawards, flotsam glided downstream, wood and bottles, slowly, a smooth silvery conveyor belt destined shortly for violent reversal. The sound came first, a rumble and a crash, then around the distant bend swept the bore - not a wave like the breakers on the beach, but a wall of opaque brown water foaming only where it scoured the banks. A metre from where I stood it demolished a chunk of land, engulfing the meander with one blow.

The dramatic change in the river does not end with the passing of the wave. Tides in the Bristol Channel complete the usual six-hour ebb and six-hour flow cycle, but entering the Severn estuary the rhythm shifts. As far upstream as Stonehenge the ebb takes ten hours, followed by a two-hour inrush of pent-up power, seen at its most spectacular during the high tides of the spring and autumn equinox. In the bore's wake the water does not fall back but continues to

Work out at home the Alex Kissin way

surge upstream in an undulating mass like a dunescape in motion almost level with the surrounding flood plain. Past me sped the driftwood log, the flagons and the wine bottles - and half a dozen canoes.

Riding the bore to Gloucester is a challenge made all the more attractive by the fact that it can be accomplished on so few days in the year, and by the unpredictable nature of the phenomenon - a strong wind can make or break a bore. Black rubber-suited surfers slide like otters down the mud banks to catch the bore. According to one veteran surfer from South Wales the journey has its hazards - on occasions he had found himself travelling in a mat of debris which included tree trunks and dead cows. Staying with the bore is only half the problem he told me getting off in the nick of time is the final trick. The Severn is tidal as far as Gloucester. Just north at Maise-more stands a weir where the tidal wave - and all that it transports - ends abruptly by smashing into a brick wall.

But the days of the Severn bore may be numbered. If or when a tidal barrage is built at the proposed site between Laverdock Point on the South Wales coast and Eveson Down in Somerset, the bore will simply cease to exist. Its demise will be no ecological disaster, unlike the expected loss of inter-tidal feeding grounds for waders and wildfowl which causes the Royal Society for the Protection of Birds to oppose the barrage scheme. But for the watchers and the riders of the bore, it is a natural wonder that would be sadly missed.

A barrage to harness tidal power is effectively a dam across a river mouth, housing sluices through which the sea enters and turbines that operate on the ebb tide to generate electricity. Such a barrier would create a basin where water could be held back, for perhaps two hours after the ebb begins, to produce enough head - the difference in height between basin and Channel sea levels - to drive the turbines at maximum force. Within the controlled basin only high and mean water levels would be experienced; the present state of low water in the Severn estuary would never occur again.

It is the vast swing from extreme low to high water in the Bristol Channel which makes it suitable for a barrage. The tidal range here is the second largest in the world - Canada's Bay of Fundy holds first place. In the Severn estuary, the squeezing of a mass of sea water into a channel that gets progressively narrower and shallower, together with the vital factor of resonance - a huge build-up of wave energy - gives rise to the bore.

DIVERSIONS



Early 19th century carved and gilded Italian frame, sold by Bonhams for £1700

The very picture of gilt

A FEW weeks ago in one of my weekly offerings I addressed the subject of how to start collecting contemporary works of art...

contemporary work - he does a lot of work for Waddington Graphics. Every picture he sees as a unique challenge...

There is a hard core of quality framers about. Here are a few: Nick Hawker 5/89a Gowen Avenue, London SW6 (01-731-7710).

Alfred Necht, 226 King's Road, London SW6 (tel. 01-892-1945), famous for framing the works of Bacon and Sutherland but considers himself very top, and "doesn't want just anyone coming in."

Matthäus Eder, 10 Ogle Street, London (tel. 01-590-4704). Specialist in gold leaf, deals in both contemporary and period paintings.

HANGING

How to hang a picture seems to cause some people enormous angst. Of course, if you have a grand and beautiful home with many important pictures then it really is a serious matter and you need serious advice...

William Packer, our art critic, whose eye after all has seen many a gallery and many an art-filled home, says all this angst is quite, quite needless and he has some splendidly down-to-earth views on the matter. "Above all," he says, "forget all those awful suburban rules about what colours are alleged to go with other colours..."

says the mistake most people make is to hang pictures too high. They are, after all, meant to be seen without craning your neck. She's about 5.6.7 ins tall and she hangs them level with her own eyes...

In Scandinavia pictures were traditionally hung very low - go along to the marvelous exhibition of work by the Danish artist Peter Lind at the Bury St Gallery, 11 Bury Street, London SW1 and you will see his painting of the artist's own apartment, a group of seven pictures ranged in a row along the top of a Biedermeier sofa.

Furniture can often be used to provide a good boundary for a group of pictures - a chest of drawers, a sofa, a table, a dressing-table. Try and line up pictures in groups so that there are not too many changes of level.

Restorers have been reintroducing many of the older traditional ways of hanging pictures. There is currently quite a fad for print rooms. Classically only black and white prints were used and they were given black and white borders and most of the work was done by spinster sisters.

Jane Churchill, for instance, took some cheap floral prints and used them to liven up her tiny London bathroom. She stuck the prints directly onto the wall and then framed them individually on the wall with a selection of print room borders bought from The National Trust.

She says, she and the best and the cheapest around. There are three sets - either £2.95 or £3.95 for the set from all National Trust Shops. Jane Churchill colourwashed the borders herself but they can equally be used as is. Another way to get the effect is, of course, to use stencils to frame a print stuck directly onto a wall. The Stencil Store, 51-63 Lower Sloane Street, London, SW1 (tel. 01-730-0728) sells the proper stencils, simulating 18th century swags, tassels and bows.

Equally fashionable at the moment is the fad for hanging pictures from ribbons and bows. A fine sense of caution and perspective needs to be used here - you wouldn't (would you?) hang a bow on a Stubbe or overwhelm a tiny picture with a giant satin cushion. The National Trust and Ottomans of which I wrote a few weeks ago - buy them by mail from 23 South Terrace, London SW7 both sell swags and bows which can be used to pull together groups of pictures.

CLEANING AND RESTORATION. If you are buying pictures at auction or already have pictures at home that seem to you in less than perfect condition you might like to have them cleaned or restored. Go easy on the oil - they look better if they look less than perfect. However, if the dirt and dust of centuries has by now accumulated to such a point that you can't really see the picture then the time has come to act.



Lucia van der Post



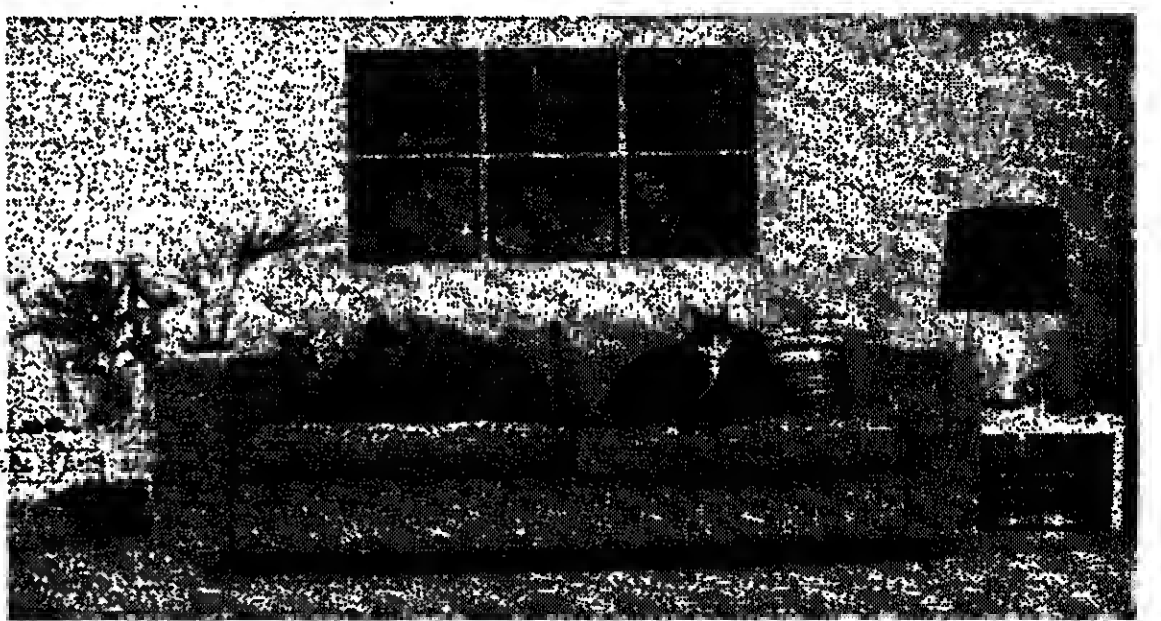
Alex Jones applying gesso to a picture frame in Stuart Hyslop's workshop.

Alexandra Walker (tel. 01-261-1419), Anthea Falham Burn (01-261-1364) and Valentine Walsh (tel. 01-261-1891) are three oil restorers, all working independently of each other, who can be found at 3 and 4 Whitehorse Mews, Westminster Bridge Road, London SE1.

Stewart Miller, The Picture Workshop, 3, Wilkinsons Street, London SW8 (tel. 01-582-0556), whom I mentioned last time round, is worth not-

ing in this context because he collects and delivers all over the Home Counties and will tackle almost any damaged frame, including highly decorative, gilded ones.

An excellent book on the whole subject of framing and displaying pictures is Displaying Pictures by Caroline Clifton-Mogg and Piers Peetham, published by Mitchell Beazley, £12.95.



A sofa defines the shape of this group of six pictures hung to look almost as one. From The Finishing Touch by Robin Guild, which has an excellent chapter on hanging pictures.

When considering a frame obviously the value of the work should be taken into account. Cheap prints over-framed look terrible. They look perfectly nice in a good plain painted or lacquered wooden frame with a nice colour-washed border. Classic oils look best framed in classic gilded frames. Avoid, if you possibly can, machines, gilded frames - the gold always looks too bright, too new, too even. Good-hespeka framers, like Stewart Hyslop, use the traditional methods of applying the gold on a gesso base - which gives a matchless, rich, multi-layered, classy look.

There's hardly anybody better to consult than Stewart Hyslop of 98 Waterford Road, London SW8. I mentioned him last time and make no apologies for mentioning him again. He is the man to go to for the bespoke end of the framing business and he's primarily known for framing

Another good source of period frames is Arnold Wiggins, of 4 Bury Street, London W1 (tel. 01-825-0195) who have a fine selection of 18th and 19th century frames, starting at £300. They will also do the framing for you. If you can't find a perfect original they will make one up.

Follock's 20 Blus Ball Yard, off St. James' SW1 (tel. 01-493-1434) is another excellent source of genuine and reproduction frames - he is much used by top West End galleries. Good at adapting existing frames to suit picture. Prices start at £250.

Pricey pleasures

It MAY BE thought that buying young red burgundy is easier than buying young red Bordeaux. It is much less tannic and made from one grape alone - the Pinot Noir - whereas a claret may be a blend of up to four different varieties, with a mix that will depend on soil, situation and the inclination of the grower.

rests on an experienced wine merchant with good contacts. This was brought home to me forcibly last year when I was one of a small party invited to taste the 1985 wines of Vosne-Romanée in the village. There are no fewer than 60 families making wine in the commune, and the variations in style between wines from the single vineyard source was considerable.

One way out of this for we would-be consumers is to buy wines bearing the label of a reputable d'Or merchant, such as Bouchard Père et Fils, Chanson, Drouhin, Latoru or Ramollet. They will have made their selections and probably bought from several growers in any particular vineyard to produce a saleable quality. In other words, a more distinctive, though not necessarily superior, wine may be found from the grower who "brings up" and bottles his own wine. Not all do this very well, but in recent years the trend has been in that direction.

A word about burgundy prices. That they are expensive is undeniable, and the opinion may be heard that they are excessive - a bit of a swindle, in fact. Yet it has to be borne in mind, first, that there are no big estates in the Côte d'Or and the average holding is about 2 ha. Production is expensive. Second, there are fewer fine vintages there than in Bordeaux or the Rhône.

When, therefore, 1985 was seen at once to be exceptionally good, demand and price soared. It is fair to feel that Côte d'Or reds have been priced out of one's cellar, but not that prices are unreasonably high. Rather less than 10,000 cases were made that year of Chambertin, one of the world's most celebrated wines, and Vosne's 60 families produced only 75,500 cases of appellation wine between them.

Among 27 Côte de Nuits wines I like Vienot's Corvet Fugats for its colour and fairly light texture, and Bouchard's Hospice de Nuits Poret, more closed in bouquet, but very fruity. But Béragnier's Vougeot, Clos de la Parrière (not from the over-populated Clos de Vougeot), had more colour and quality than Vienot's "grassy" smelling and tasting Clos de Vougeot. These would probably be in the £150-£200 a case bracket. But the Chambertin Clos de Béze of André, which may be possibly cost more than the two Hospices de Beaune wines mentioned above, was paler than the Trapat, but with an attractive aroma, and is a wine likely to develop fairly early.

The tasting ended with four Domaine de la Romanée-Conti wines, which a week or so earlier I had tasted in London, along with their 1982s and 1983s. As always the wines were surprisingly pale, but with a concentrated aroma and taste, and the 1985s were certainly more so than the earlier years, especially than the 1982s, which seemed rather dry and lacking in fruit, although I was assured that they would "grow in bottle".

The 1985s had a little more welcome, which was the La Tâche. Of the 1985s I preferred on both occasions the Echézeaux to the rather green Romanée-St-Vivant, and the attractive, concentrated, full-flavoured Richebourg to the dry La Tâche, which, however, has shown better to me in London, where the Romanée-Conti itself could also be tasted: a very distinctive wine, with a spicy bouquet and an apparently more advanced flavour than the La Tâche. It stood out from the rest and so, no doubt, will the prices which will certainly be more than the trade price of La Tâche at £525 a case, the tiny quantity of Romanée-Conti made from less than 2 ha cannot be much less than £100 a bottle and may well be more retail.

All the burgundies mentioned here and others on their level of quality call for a substantial personal cash-flow, and a windfall for the Domaine de la Romanée-Conti wines such as to make the less than 1985 clarets seem almost a bargain.

Edmund Penning-Rowell

Food for Thought

Small may be beautiful but big is better

I HAD NEVER heard of the British Culinary Institute when it invited me to the London Hilton where it was launching a National Logo for Excellent British Foods and Drinks, but I know better now.

First, it was founded a couple of years ago, mainly by restaurant chefs. Second, it has the laudable aim of encouraging suppliers - mostly small and mostly home-based - of really high-class and often rare vegetables, meat and dairy products (in particular) which don't turn up through your run-of-the-mill mass market outlets at Covent Garden or Smithfield.

Here is the whole spectrum, from rare breeds of lamb through tiny winter salads to unpasteurised cheeses: everything we have always believed the British chef, unlike his Continental counterpart, has to manage without.

I met many of these suppliers, who stood helpfully behind their trestle tables loaded with samples and spokes of their hopes and ambitions. But while admiring their enterprise and relishing their goodies, I felt a worm of doubt gnawing at me.

I think the institute believes that small is beautiful and that agribusiness is the enemy of quality. But when it came to question time, someone (actually, it was Hugo Dunn-Meynell of the Wine and Food Society) asked a question along the lines of "What are you going to do when Marks & Spencer wants to join?"



Peter Fort casts a suspicious eye at long-term prospects for Britain's specialist high quality food producers

of profit will do you better than anybody else. I had better nail my colours to the mast. I love the small, dedicated, uncommercial supplier who cares about his produce and his salad greens and never, ever pasteurises his milk. But I know that physical distribution and shelf-life, dismal considerations though they may be, do make a lot of difference to the quality of what ends up on your plate, and that these things call for a lot of investment money.

The British Culinary Institute, despite its grand title, represents a series of fairly small interests and, as a result (despite booking the Hilton for its logo-launch), is thinking rather too small. I beg it to think bigger before it suffers the minnow's fate.

I moved among the stallholders and I introduced my FT-type question: "Do you seriously want to be bought out by Unilever?" The response was usually: "Jane going - is beginning, in fact - to do it better than Mr Small. Make change your ally, as they say in Unilever. How can you place your trust in the little, local sup-

Grison would never allow it to happen." I didn't get the chance to talk to Mrs Grison to find if this touching faith was justified.

You see, it's partly a question (when you come down to it) of money. Another factor is that chefs very soon come to recognise that they run these things better in France, where local market gardening is a way of life in a highly decentralised agricultural economy. We don't live like that; more's the pity, some would say.

There are areas (fresh herbs are one) where small-scale enterprise can take off - but only by plugging itself in to the gold-plated distribution machinery of the multiples. The sort of food that you and I care about are not bottom-price potatoes and big-as-you-can-go cabbages. Little leaves of winter salads and little farmhouse cheeses are high-value items.

The big boys would love to deal in them, if only to enhance their foody credentials, and Mr Big is pber in a country which cannot grow itself a decent tomato? Ladies and gentlemen of the BCI, I rest my case.

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Robin Lane Fox finds little to praise in the latest biography of Peter the Great History mocked in a literary romp

PETER THE GREAT by Henri Troyat. Hamish Hamilton, £16.95, 322 pages.

BOTH THE author and subject of this book have double natures. Peter the Great ruled Russia from 1682 to 1725 with a combination of energy and savagery, cruelty and cruel terror. Henri Troyat is a member of the French Academy, a much-acclaimed literary stylist with no historical sense. Together, their book has made an impression on me because it is so awful.

One moment we are contemplating Peter's barbarity. He is watching his son being flogged to death or he is attending tortures "intoxicated by the smell of blood, pus, roast flesh and excrement." His fingers are even removing a tapeworm from his favourite dark page-boy. The next moment, Troyat is telling us what they all felt: the new St Petersburg must, and will, arise from the sodden marshes; all Moscow watched with bated breath... "what peace after the nightmare of the journey."

It is a literary romp which bears as much resemblance to history as scene-painting does to art. There is no depth, no

concomitant, a truly democratic art. When Jonathan Miller published his "sledgehammer-to-crack-a-nut" attack on McLuhan in Frank Kermode's Fontana Modern Masters Series, Martin Esslin made a comment which planned the Toronto guru wriggling in his place. He called McLuhan an "intellectual gadfly," a divine provocateur. What he was not was a scientific thinker. He was a poet of ideas — a bit like Edgar Allan Poe, except that, instead of writing like a Virginia gentleman, he composed the database for a computer printout. This was presumably what he intended, for we know that he had set his heart against "linear communication." Neither his sentences nor his chapters needed to be read in any preordained order. The resultant confusion earned him the title of "the communicator who could not communicate."

That is precisely the trouble with McLuhan. With the best will in the world, one cannot except in flashes and isolated perceptions — understand what he is talking about, because to do that one needs what he most despised: a closely reasoned argument. Somewhere underneath

of the most famous remarks in this book runs as follows: "At his orders, all of Russia set feverishly to work." If that statement was true, dozens of statesmen, economists and investors would love to know why Peter's Russia differed in its obedience from every other observant society. As a comment on Troyat's Peter, it is absurd. He leaves us with no idea why, or

how far, an order from the ruler came to be obeyed or enforced. An entire dimension of consent, ambition and competition has dropped out of the story.

It is not a bad story, either. Peter ruled for 43 years, combining a military thrust to the Baltic, which succeeded, with a string of social reforms which were meant to bring Russia to match the Europe he had seen on his travels. There was to be a new capital, new law codes, a remarkable new army and navy and new attempts at education. Troyat remains detached: "In the new Naval Academy, retired old soldiers stood at the door of each room, riding crop in hand, to punish troublemakers and prevent them from leaving."

Behind it all was this giant of a ruler, unimaginably energetic, fascinated by ships and carpentry, surgery, modern inventions and the art of extracting teeth. He was founder of a Museum of Curiosities in the new Petersburg and had a connoisseur's eye for dwarfs and freaks. This book gives no idea of his context or social impact apart from torture and execution. They were nothing new in the history of despots but, if Troyat is not misleading,



Peter the Great... a giant sold short

Peter did take an unusual interest in the repulsive details.

What, though, is unusual? There are dozens of recent books on Peter the Great and this one has nothing new to tell us, except the little asides which are granted only to Troyat by special literary revelation. The point, I suppose, is that Troyat "knows how to write." But a writer about other people is advised first to learn how to think.

I hate this sort of book because it contributes, unwittingly, to a serious failure of understanding. It typesets three centuries of a

huge country's history as a period in which millions of peasants lived while a sea-mad dynasty slashed at other people's heads and devised ice-cold punishments for each other's debauched lovers. It makes Russians into peculiar savages and it reinforces the convenient myth that they are simply "primitive." When the history of Europe's shallow platitudes is finally written, perhaps by a Far Eastern scholar, Troyat's Russian books and their sales figures will deserve an entry. But somebody, by then, will surely have put them into film on the television.

Erik de Mauny discovers that glorious legend has given way to a mood of sober reality Rodin laid bare

A SCULPTOR'S LIFE: RODIN, A BIOGRAPHY by Frederic V. Grunfeld. Hutchinson, £30, 728 pages.

IT IS difficult at this distance to grasp the full extent of Rodin's fame at the turn of the century. By then, he was not only the greatest sculptor of his age, but a kind of national monument. Celebrities and rich patrons from both sides of the Atlantic flocked to him for portrait busts, beautiful women swooned at his feet, and an entire generation of younger sculptors, painters, writers and poets revered him as a guru. But the path to fame had been hard and stony.

As Frederic Grunfeld points out in this perceptive and meticulously documented new biography, Rodin was into his 40s before he achieved general recognition, and his periodic skirmishes with hostile critics and entrenched bureaucratic opponents continued almost to the end of his life. This is an important work for several reasons. More than 50 years have passed since the last serious biography of Rodin, by Judith Cladel, appeared. But, although that earlier study was based on long acquaintance with its subject, glossed over or omitted altogether certain painful episodes, and dwell more on glorious legend than on sober reality. In setting the record straight, Frederic Grunfeld has provided much new material and has shown how, in various matters of detail, the formerly concealed or little-known, such as Rodin's long-standing affair with his most gifted pupil, Camille Claudel, now recognised as a brilliant sculptor in her own right before she was committed by her

brother, Paul, to the first of the insane asylums where she was to spend the rest of her life.

Later, Rodin had an equally torrid affair with the painter, Gwen John, which also ended badly, when she was reduced to humiliating entreaties to be allowed to see him for an hour or so. He was a great lover of women but, when he lost interest, he tended to dismiss them curtly and without appeal.

On the other hand, it is impossible not to admire his toughness and single-minded dedication to his craft in the face of poverty, neglect and official parsimony throughout the first half of his career. His origins were modest. He was the son of a minor police official in Paris, and he was also short-sighted, although that turned out to be an advantage since it spurred him to develop his acute tactile sensibility. Still, one wonders where his extraordinary gift came from. For years, he devolved for other sculptors, He also worked at the Sevres porcelain factory just outside Paris, where he experimented with new decorative techniques. By these means, he scraped up just enough of a living to pursue his own revolutionary vision of sculpture, which was far removed from prevailing academic taste.

His first model was Rose Beuret, by whom he had a son, and she remained his lifelong companion, although, as his fame grew, she dwindled into a shrewish background figure, constantly complaining at his multiple infidelities, and rarely introduced to his friends. He married her in the end, not long before his death in November 1917 at the age of 77.

It was during the long years of his apprenticeship that he developed his amazing dexterity with

clay, and the speed with which he worked never failed to astonish his sitters (curiously enough, although he knew all about marble he practically never worked in marble himself, but left it to skilled practitioners to produce marble versions of his originals).

But he was also a perfectionist, who sometimes spent months and even years on reworking a particular piece of sculpture, as he did, for example, with his group for the burgurers of Calais, or his much-contested statue of Balzac. Indeed, his most graceful project, the Gates of Hell, initially inspired by Dante's Inferno, was never completed, although a number of his best-known sculptures were developed and enlarged from the myriad small figures that thronged that huge, unfinished work. In the end, he was heaped with money and honours and made many friends abroad, notably in England, which he visited frequently.

Although in his last years he veered towards the simple, pure lines of Greek statuary, his main source of inspiration was the human form, especially the female form. Indeed, he eventually amassed a vast collection of small clay models of the more intimate parts of the female anatomy, which he would fondly show to privileged visitors, and which led some critics to claim he was afflicted with erotomania. No doubt, there was some truth in such claims, but they left Rodin quite unconcerned.

On the other hand, he was concerned by the lack of comprehension of his old companion, Rose. To Lady Sackville, he once remarked, towards the end of his life, "I was the sculptor of women, of love, of *l'ideal*, but she never understood."

Fiction

Deadpan horrors

OUT OF THIS WORLD by Graham Swift. Viking, £10.95, 296 pages.

A SPECIAL KIND OF NIGHTMARE by Paul Gedes. Bodley Head, £10.95, 224 pages.

FRAYING MANTIS by Dominic Taylor. Hamish Hamilton, £11.95, 240 pages.

A FATHER who won the VC and lost it (didn't he) has had enough of the world. That he was also the biggest armaments-maker in Britain makes it worse. And that he was blown to bits by terrorists compounds the difficulty of being his son — the sense of guilt, inadequacy, shame. To be proud of him, or ashamed? To feel small by comparison, or to challenge him morally for the weapons he made, the wars he kept going?

Harry has become a photographer specialising in wars and disasters. When *Out of This World* opens, the aerial photography he learned over Dresden and Berlin is being used to explore landscapes for archaeological purposes, reading the fields for letters from the past. Meanwhile, in New York, another sort of archaeology: on the psychiatrist's couch, his daughter, Sophie, is digging into her past. Swift is a novelist of ideas and places, rather than people; his *Waterland* showed what he could do with landscape. The characters in *Out of This World* are representations, rather than living beings: the hero of two wars with his gentle, gentlemanly presence and flawed morality of violence. Harry, who seems merely the reaction of our time to such attitudes, and Sophie in shrinkland, the modern woman with her easy acceptance of adultery, and four-letter chit-chat. Yet, the ideas have urgency and, when used by Swift in a setting that spurs him, achieve immediacy and tighten the sprawling plot. A wide acreage doesn't suit him.



Graham Swift... better on ideas than people

though, the atmospheric *Waterland* remains the more memorable novel.

A grossly fat hutterly buff, a devout Roman Catholic, a widower, Ludo Fender in *A Special Kind of Nightmare* seems an odd choice for hero and detective. The surname suits him: since his wife's death in childbirth he has been feeding off life, relationships, closeness to pretty well anything. His physical disarray reflects a spiritual mess, an aching loneliness. He is vulnerable and brilliant, inclined to drink, a loser.

The Bureau, where he once worked, an official body on the border between politics and intelligence, turns up some odd coincidences involving murder, bondage, AIDS, top dogs in politics, and a *louche* underworld of power, sex and money. All a long way from butterflies and Catholics, but Fender hammers along to discover through deduction what's happened. A sympathetic

soul, rewarding to know, you feel, and Antonio, for whom he vices, is equally, if more conventionally, likeable. For both the end is open — hopeful rather than happy. And though the mysteries are all solved, the prime mover behind them goes scot, free. And somehow you believe that, too. This is thriller material but the treatment is far from thrillerish, more an entertainment in the Greek-like sense.

Victoria in *Praying Mantis* gathers up lovers and husbands, like chocolates. With money, servants and a luxurious lifestyle, she wants a social position and, above all, a son. Multiple murders have got her where she is, and there seems no reason why they shouldn't continue.

Praying Mantis is a deadpan book, unshaken by the horrors it recounts. Explaining each step in terms of Victoria's own idea of herself and others, it has a chilling logic. Of course, the duting uncle must be pushed to his death when he has served his purpose. Of course, when their son dies, her husband, too old to sire another, must make way for a younger one. And, of course, daughter Lottie, being a girl, warrants no attention at all, and the man she is engaged to, being suitable husband material, must be seized the moment he sets foot in Victoria's house... Ditto the next one, similarly engaged to poor Lottie.

The social detail of today's London — the rich and the scruffy — is extremely neat and recognisable. Lottie's squats and squalour, Victoria's plushy world. But it is the cold, fiercely funny logic of Victoria's thinking that gives *Praying Mantis* the edge over plain tales of moral turpitude, almost recalling the classical cleanliness of (say) the *I Claudius* books.

Isabel Quigly

Crime

A joke that wears thin

GREEK GIFTS by T.J. Binyon. Hamish Hamilton, £10.95, 200 pages.

THE SILVER GHOST by Charlotte MacLeod. Collins, £9.95, 200 pages.

A WORM TURNS by Arthur Douglas. Macmillan, £9.95, 170 pages.

THE STALKING HORSE by Jill McGovern. Macmillan, £9.95, 198 pages.

MURDER TAKES A PARTNER by Haughton Murphy. Collins, £9.95, 224 pages.

WITH HIS first thriller, *Social Song*, the respected critic T.J. Binyon demonstrated that he can practise what he preaches: the book was exemplary. And after that enviable debut, now he has produced a second novel of equal merit. This time the setting is, to a large extent, Greece; but local colour is applied discreetly. There are also some effective scenes in Oxford, London, the Norfolk country. Against these settings, a personable protagonist encounters some plausible conspirators and, happily, an attractive, convincing girl. Swift pacing and sapient mixtures of the neces-

sary ingredients should guarantee another success.

Sarah Bitterson, nee Kelling, the recurring heroine of a series of novels by Charlotte MacLeod, began well: a plucky widow who ran a Boston boarding-house with some eccentric guests, with mixed reactions from her staff family. Now in *The Silver Ghost*, she has taken over, indeed, it has got out of hand, and the reader could have some difficulty sorting out all the comings and goings. The reader might also get fed up. The joke is wearing thin, and this tangled product will appeal only to Sarah's staunchest fans.

A Worm Turns is a neat, professional job (by Gerald Hammond, under another name). Army officer Jonathan Craythorne, urged on by his scrupulous aunt, hurries off to Scotland on another quest — for money, this time — and encounters an explosive mixture of goodies and baddies. Plenty of suspense and plenty of action, in stripped-down, no-nonsense prose.

In *The Stalking Horse*, a paroled convict comes home, determined to find the real perpetrator of the murder for which he has spent 16 years in prison. Before he can discover — and kill as he plans to — the party, he meets the beautiful lady, who becomes not only his partner (and, finally, lover) but also the voice of reason. At the beginning, the frequent flashbacks are somewhat bewildering, but soon the narrative acquires a good, pressing pace; and the central characters are persuasive and engaging.

Renan Frost, retired lawyer and occasional investigator is married — as Haughton Murphy fans will recall — to a former ballerina, now a director of an important ballet company. Its brilliant but despicable choreographer is killed, and in *Murder Takes a Partner* Frost, with his friend detective Bautista, has to rattle many skeletons in many closets. Another stellar performance.

William Weaver

Just medium rare



Marshall McLuhan: both brilliant and banal

In three introductory (9511-96, 1936-46, 1946-78) and copiously informative footnotes, McLuhan's agent, wife and publisher take the reader through the letters of this oddball from Edmonton,

from the days when he was a student at the University of Manitoba (BA, 1933, MA 1934). Subsequent landmarks were Trinity Hall, Cambridge (Oxford Tripos, 1938, PhD, 1942), instructorships at Wisconsin and St. Louis, and then his first appointment at Toronto in 1945. But for a year away as Schwabert Professor at Fordham University, he stayed at Toronto until his death in 1980, being at the same time director of the Centre for Culture and Technology.

One has the feeling that some of the letters have been chosen for the light they throw on McLuhan's ideas than for the extent to which they show what important people he knew. All those letters to Trudeau, for example, do we really need them? The same goes for notes to Woody Allen about *Amie*, a congratulatory telegram to Jimmy Carter ("A Toast and a Prayer to the King of our Hearts Today"), and a creepy letter to King Gustaf of Sweden thanking him for Uncle Sam. On the other hand, the correspondence with Tom Wolfe on the subject of McLuhan's PhD thesis is fascinating.

Some of the most interesting

letters come from the Trinity Hall years, where, like all Empire-based graduates, McLuhan was forced to go through the demeaning procedure of taking a second undergraduate degree. He seems to have accepted it as the natural lot of a provincial and to have fitted in very well with men up to six years his junior.

McLuhan rowed in the college boat and revelled in the provocativeness of I.A. Richards and F.R. Leavis. Above all, he appreciated the Cambridge presentation of literary ideas, against the background of "English Literature, Life and Thought."

One significant remark in January 1935 seems to set the tone for the future direction of his studies: "English literature is a foreign literature, more alien to America and Canada every day... It is quite as alien as French." In the light of this conviction, one can understand why this dedicated and ambitious man, who had his own soil and society, had to turn away from what would have been for him a dead study. Canadian literature was impossible because it did not exist. If, for no other reason, McLuhan's life work had to be in motion and media, the living body of the contemporary. His theories stem from that.

Geoffrey Moore

There's nothing like this Dame



Dame Alix... pioneer of the permissive society

left till after the age of 90, when all the main actors are dead. Dame Alix, though a little short of that target, essays it with unusual skill and comes very near to complete success.

She and her circle of close friends, male and female, aspired to live in the spirit of Shelley's famous lines which start with the words: "I never did belong to that great sect..." though Dame Alix here attributes the message to Bloomsbury rather than to Shelley. The whole group, on the evidence of this book, were unusually fortunate in the fidelity with which they each stuck to their principles.

The love of Dame Alix's life was Francis Meynell, and she of his. Following his divorce they married in 1946, and after her retirement in 1955 lived together in an East Anglian country home complete with river, pigs, cows and rustic retainers. Even so, both continued to serve on various public bodies for many years. They joined in the Trafalgar Square rally against the Suez invasion as fervently as she had privately opposed Munich 18 years before.

Certainly, this was a full and consistent life. Readers of Dame Alix's story who never knew her will wish they had. And those who did will wish they had known her better.

Douglas Jay

Cold facts behind the hot news

THE WORLD NEWSPAPER INDUSTRY by Peter J.S. Dunnett. Croom Helm, £30, 275 pages.

GOODBYE FLEET STREET by Robert Edwards. Jonathan Cape, £12.95, 280 pages.

IT IS difficult to imagine two books so apparently on the same subject — the newspaper industry — which could be so totally and irreconcilably different. The one by Dunnett, the academic, has facts by the reference book full backed by solid economic analysis. But it is totally devoid of any anecdotes that might raise a momentary smile.

The one by Edwards, the editor, indeed, the editor who, it is claimed, has edited more newspapers than anyone else since Caxton — is almost totally devoid of analysis or substance but is chock full of stories about a vanished way of life in the days when Fleet Street was a banquet day for most journalists in Fleet Street.

It is as if there are two newspaper industries. One, now becoming an endangered species, is inhabited by larger-than-life proprietors dictating leaders that will shake the foundations of governments for the benefit of editors who spend all their time in the pub boasting of past journalistic exploits, conspiring and being conspired against.

The other newspaper industry, now the increasingly dominant one in North America, northern Europe and Japan, is a serious and profitable business although still potentially vulnerable to growing competition from the proliferating electronic media.

Peter Dunnett has written a comprehensive account of the economic, political and competitive forces shaping the industry round the world in widely different societies. It is worrying to consider, as Dunnett does, that newspaper news is destined to continue to take a smaller share of the growing entertainment and advertising pie; that few competitive city newspapers are profitable; and that, in those parts of the world where the newspaper habit is not already established firmly, it is being bypassed permanently by the electronic media.

Raymond Snoddy

PUBLIC SERVANT, PRIVATE WOMAN by Dame Alix Meynell. Victor Gollancz Ltd, £16.95, 282 pages.

AUTOBIOGRAPHIES by high civil servants are rarer than those of politicians. Dame Alix Meynell — Alix Kilroy in her youth and "AK" to her numerous colleagues and friends — pioneered the career of women in the administrative civil service from the 1920s to the mid-Fifties and only just missed the very top. Her memories of an adventurous life, public and private, are here fastidiously recorded, and recast in so much in tranquillity as to thankfulness.

Daughter of a stern naval-officer father and a strong suffragette (as opposed to militant suffragette) mother, and member of a remarkably united and devoted family, she found herself an exact contemporary at Somerville, Oxford, of her lifelong friend and rival, Evelyn Sharp. Moving up the official ladder together, and in early years sharing home and holidays, they championed

women's rights in the public service.

Evelyn finished as the first women permanent secretary, a dame and a baroness, and under-secretary in the Board of Trade, a dame and the wife of Sir Francis Meynell, publisher, writer and founder of the Non-Such Press. During the war, Alix had a major hand in the "concentration" of civilian industry and in various rationing schemes. Her move sideways to be secretary of the first Monopolies Commission in 1949 probably lost her the chance of becoming a permanent secretary, also at the Board of Trade.

But what some, though not all, of Dame Alix's Whitehall colleagues knew was that she was also helping to pioneer the permissive society in the private time she had to spare. Reading this book makes one wonder whether it is possible to write candidly and feelingly, a record of one's own personal and professional life together in one volume. Few have ever achieved it; and the attempt is perhaps best

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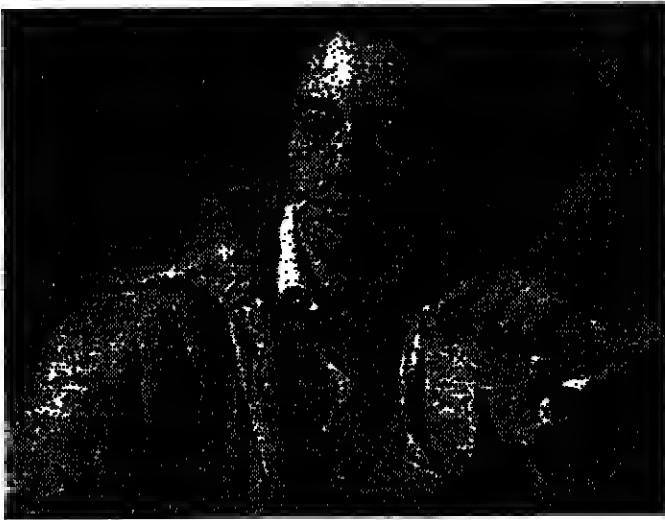
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ARTS

Susan Moore reviews the first exhibitions of work by an unsung contemporary of Chippendale:

Bullock: the Hawksmoor of cabinet making



J. Allen's portrait of George Bullock with his bust of Henry Blundell

NAPOLEON WAS not consigned to the oblivion of a damp and dreary bungalow in St Helena after all. One of the many curious facts to emerge from this extraordinary exhibition is that the Prince Regent, determined against all Parliamentary opposition that the modern 'Thermidors' be treated with due respect, ordered a 24-room prefabricated house to be shipped to the exiled emperor.

The commission, some 500-tons worth, was consigned to 'one of the most tasteful and ingenious artists of the Metropolitan' and was to comprise 'every species of furniture, linen, glass-ware, clothes, music, and musical instruments, which Buonaparte and the whole of his suite can possibly want for a period of more than three years.'

It was first discovered that George Bullock (1782-1818) was Napoleon's supplier. From an Eisteddfod prize essay of 1833, hardly the first place to turn, Clive Wainwright, Lucy Wood, Martin Levy and Dorothy Stevens have proved assiduous and astonishingly fortunate sleuths. Since the decision to hold a joint Bullock exhibition at Blairman's, London and Sudley Art Gallery, Liverpool three years ago, their researches have been more than doubled the corpus of work previously given to the undeservedly neglected Mr Bullock. Here he is unveiled as a sculptor, an interior decorator and a designer of furniture, ceramics, metalwork and bookbinding.

This is the first major exhibition in this country devoted to a British cabinetmaker. (English furniture, unlike French, is rarely signed and the problems of attribution are enormous.) Even the illustrious Thomas Chippendale has only been the subject of a small show, at Temple Newsam in 1979. The less famous Bullock is in many respects a more interesting figure. Unlike Chippendale he was an artist rather than a craftsman who designed the furniture that came out of his workshop. Unlike Chippendale, he was completely forgotten within two generations of his death.

'Planting Duke' of Atholl for whom Bullock made both grandiose Boulle-style cabinets from larch grown on his Blair Castle estate and a tripod table from dural bog oak (what a waste). The yew for Sir Walter Scott's cabinet came from the park of one of his friends. This was made, most appropriately, for one of the casts Bullock made from the Shakespeare bust at Stratford.

Bullock also prided himself on his use of native flowers for ornament. We see the Classical thyrus transformed using English hops rather than Roman grapes on a pair of cabinets that are the highlights of the show. They form part of a suite made for the Duke of Palmela, several times Portuguese ambassador to London, which only appeared last year in the London trade.

His greatest coup, however, was the acquisition of a limestone quarry in Anglesey which he cleverly promoted as the Mona Marble Works. Mona is the name the Romans gave to the island, and it proved expedient for Bullock to subscribe to the theory that this was where the Romans had quarried their famous *verd antique*. Mona marble appeared on the grandest of Bullock pieces, though the material was not marble at all but serpentine.

Bullock did not confine himself to elaborate Boulle-style pieces striking for their counterpoint of premiere - and contre-partie. On show too are examples of the suite of middle-range furniture he made for Matthew Boulton at Great Tew, only discovered last year and sold by Christie's. The complete set of bills survive for this last Bullock commission and reveal the extraordinary range that the Bullock workshops supplied, from upholstery to strikingly bold ochre and orange chameleone admirably intended for Napoleon, but not sent because its decoration was considered too redolent of victor's laurels.

While 85 per cent of the furniture produced by Bullock was in the neo-Classical or Grecian style, he also designed 'Old English' and Gothic furniture. But the greatest surprise of the exhibition is to discover that Bullock was in the vanguard of the antiquarian movement. He designed the 'redecorated' chimneypieces at Speke Hall and ingeniously restored its 16th century carved panels. He also concocted a series of armchairs, including Scott's at Abbotsford. Last year the 'armour' with which he belted the hall at Cholmondeley Castle in 1806 was discovered in the castle attic. The helmets, shields and spears which Bullock incorporated in his martial trophies are neither rest-armor nor metal, but painted ceramic. Armour was in so short supply, but the idea of creating his own for this decorative scheme obviously appealed far more to him. Restored and remounted with new wooden arms, the colored and gilded trophies are among the highlights of the Liverpool show.

Here the display concentrates on Bullock's early career in Birmingham and Liverpool, while Blairman's claim to focus more on his London career and Napoleonic furniture. In fact, the division of exhibits proves to be well-balanced, and where possible pairs have been divided. Liverpool has generously given up Joseph Allen's portrait of the cabinetmaker, and his model catalogue (Blairman's/Murray, 15) - is the fruit of a remarkable collaboration between museum and commercial gallery, a fact recognised by the Museum and Galleries Commission which has organised government indemnity for the Blairman's show, a dealer's first. Let us hope that this example will pave the way for future collaborations.

The exhibition continues at H. Blairman & Sons until March 19, and at Sudley Art Gallery, Liverpool until March 26.



Jane Eaglen as Santuzza

Black Country tragedies

Andrew Clements reviews the ENO's revival of Cav & Pag

IAN JUDGE'S staging of the perennial verismo double bill for English National Opera was first seen in 1986, and on Thursday at the Coliseum was reviewed for the first time. Judge himself has supervised its return; part of the cast for *Cavalleria Rusticana* is the same as before, that for *Pagliacci* entirely new. Michael Lloyd conducts both works.

Judge's achievement in this staging has been to make thoroughly independent and interestingly coherent two works whose only kinship is their undisguised emotional manipulation of tawdry stories. 19th-century Italy has been transported to post-Industrial revolution England - Nottinghamshire or the Black Country, Arnold Bennett or Lawrence - to a community dominated by its coalmines, in which muck and brass coexist happily. As the careful social delineation makes clear, these are now tragedies of the emergent middle class (Turiddu is an officer, Alfio a nouveau riche, while the actors of *Pagliacci* are class-less).

Some details chafe against the transposition - one can't imagine ear-biting as standard behaviour in Victorian England, or that the crimes of passion would have been so readily conceived. Perhaps too the librettos should have been doctored accordingly (references to "wine" changed to "beer", for instance). But the way in which the pairing is placed firmly in a single society, and the careful observation of that society, complete with its glorious send-up of Victorian religious kitsch in the Easter Hymn of *Cavalleria rusticana*, is thoroughly satisfying. The appearance of Alfio, complete with minders and gilded chair, in the audience at the end of *Pagliacci*, is the final, dovetailing touch.

All this detail is crisply presented in the return, with the chorus drilled with distinction throughout. Jane Eaglen's frumpy, complex Santuzza is a splendidly complete portrayal. Arthur Davies's Turiddu, weak, terribly credible, and Jacek Strach's ogleing Alfio have been convincingly slotted into the scheme. Jane Turner is scheduled to sing Lola throughout the run, but on the opening night she was ill, and the part was taken by Judy Pearl, a nicely turned cameo of rapid helplessness.

In *Pagliacci*, however, the casting takes on an altogether sharper image, led by Malcolm Donnelly's baleful, clearly articulated Tomio and Alan Woodrow's pliable Canio. Angela Feeley's Nedda, Alan Opie's Silvio and Anthony Mee's Pappo complete a thoroughly integrated team. Michael Lloyd conducted a lumpish *Cav*, but settled into the smoother constructs of *Pag* with greater assurance. Without pretending to understand the continuing popularity of this ill-sorted pair of third-rate operas, one can at least report that ENO continues to offer genuine insights upon them, and that in the verismo world at least, it is still jealously rather than love that makes the world go round.

The major piano works of Ferruccio Busoni, played by Geoffrey Douglas Madge; 6 CDs; Philips 420 740-2. Piano works of Carl Nielsen, played by Mina Miller; 3 CDs; Hyperion CDA 66231-2. THESE TWO boxed sets of compact discs are a monument to the archival spirit of a technological age. The Busoni collection affords 6 1/2 hours of playing time devoted to virtually all his (frequently daunting) music for solo piano; it's surprising and perhaps regrettable that the concerted and other (immature) piano works haven't been thrown in as well. Nielsen's output for the piano (all of it solo music) is a more manageable quantity - almost exactly two hours' worth - and fits comfortably on to two CDs; yet there is an insistence in serving up the indifferent whole of it here which is peculiarly contemporary.

Records

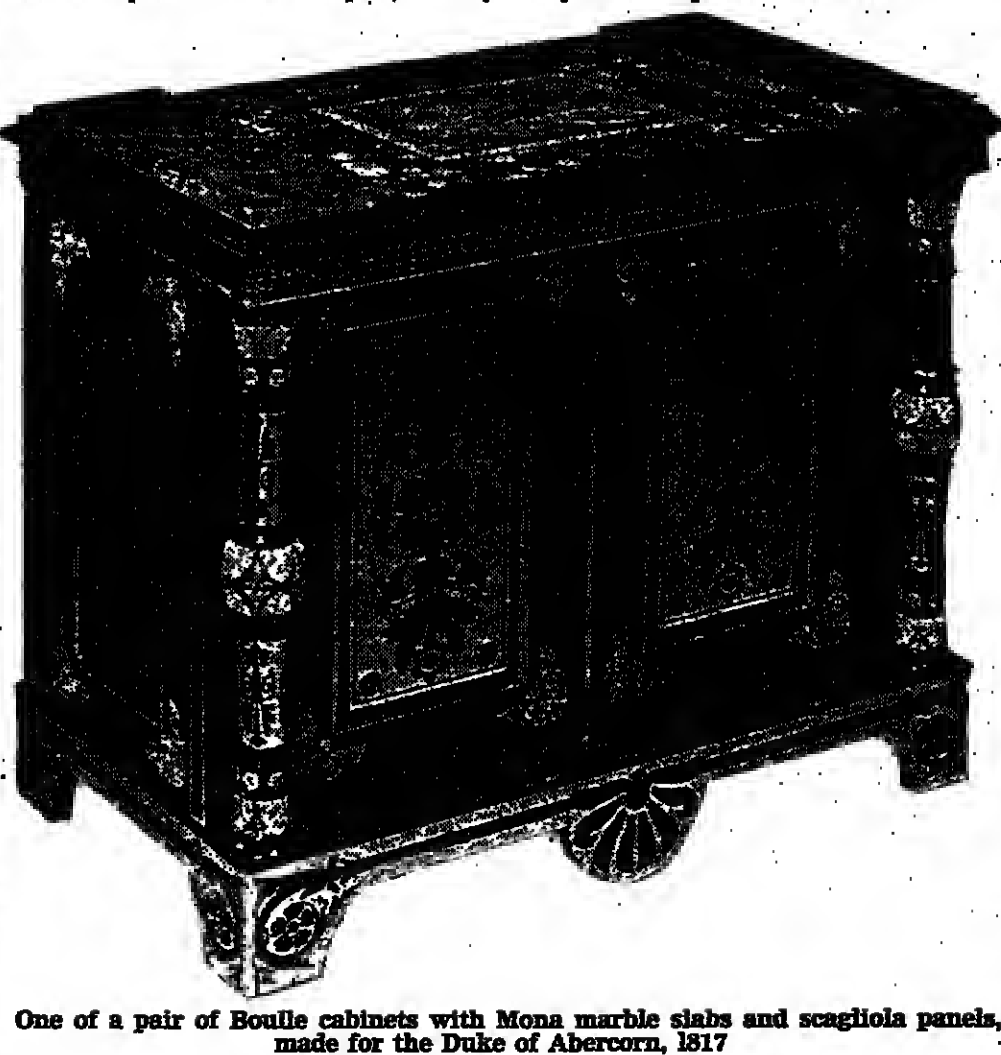
Busoni's air on a piano

corresponding impression of music as pure Aeolian harp-like occurrence are all to be gained from his piano works, albeit that the music's very 'unfusedness' is often the key to its blandness. (Keyboard improvisation is almost always soft-centred and *mezzo*; indeed, in my experience, if it doesn't sound like Messiaen, it sounds like Busoni.)

Busoni's historic importance is elusive, though real. His desire to 'free' music found a vicarious fulfilment in some of the quicker musical experiments of his pupil Percy Grainger, while an imposing work (if one of undecided quality) like the enormously long, diverse *Pastorale* on *DSCH* (1960-62) by Ronald Stevenson owes everything to Busoni, as does his *Concerto for Scarlatti's Opus Clavecinista* (1929-30) does too. But in general his liberating legacy has been widely dispersed; little bits of it crop up all over the place, and it is intriguing to find Peter Maxwell Davies in his recent music exploiting just the sort of methods for expanding tonality (scales undisciplined by irregular tones and

dominants) that Busoni recommends in his *Sketch*. Busoni's piano music impressively refers both back to Liszt and Chopin and forward to... everybody. He stepped several times into the unknown waters of atonality (in the *Elegies* of 1907, and decisively in the compelling *Sonatina Seconda* of 1912), pre-empted some of Messiaen's metrical freedoms, and was an important presence 'behind the neo-classical movement (a much more integrally 'back to Bach' figure than ever Stravinsky ever). But it is not for the experiments, in the end, that one values him, so much as for the simpler, charming, quietly transfigured inventions such as the familiar *Sonatina* (1910) or the *Sonatina super 'Carmen'* (1920).

Other works, not so far mentioned, to which I would draw the prospective listener's attention are the *Indisvisibles Tapestries* (1915) - no doubt a favourite of Grainger's - the *Sonatina in diem natalitium Christi* (1917), the *Toccata* (1920) and, of course, that great act of Bachian reclamation, the *Fantasia Contrappuntistica* (1910). Geoffrey Douglas Madge gives the latter in the solo version: all the more impressive when the difficulty of the composer's two-piano version is taken into account. Madge's fingerwork is fairly phenomenal, and he easily gets round the most complex figures of notes in these pieces (though his hands are evidently small, and he has to spread numerous chords). There is passion in his playing, brio, and intellectual strength, but, alas, remarkably little poetry or joy. The tone he produces is consistently hard, his approach consistently brusque, and his care for dynamic gradation and the subtlety phrasing consistently insufficient. One longs in vain to be seduced by him into the mysteries of a new piece; one often gives up on him disgruntled. Philips's presentation of the boxed set leaves something to be desired. We get three copies each of two booklets in four languages, so five copies are instantly expendable, while to find the CD band



One of a pair of Boulle cabinets with Mona marble slabs and scagliola panels, made for the Duke of Abercorn, 1817

Theatre

Life of a Night John



Ray Johnson

THE 'NIGHT John' is what the manager of the Oasis, a hotel full of plastic palms, calls the night porter in this premiere production at the New Victoria Theatre, Stoke on Trent. The new apprentice to that office thinks it disrespectful, but we soon see that he has been taken on with a certain reserve. 'I don't want to know about your past life,' the manager said on engaging him; but Peter Terson, who wrote this play has other ideas.

We soon learn that this night John has been in the hotel business for 40 years, has managed smart hotels, learnt about wine in Paris from an expert, can talk expertly with the chef, knows every subtle point about dealing with customers, under-managers, head-waiters, barman, odd job men, the lot. He is even a 'tino' of the telephone exchange. However, he is now a night porter, and not only does he know these things, he knows what instructions the manager has given him, and it is in the way that he carries them out that he shows his hotel experience. He is perhaps a trace too lavish with the cheap cooking wine that is all he gets to drink with his midnight snack, but he carries out his hourly visual checks properly at 2 am and 3 am, accompanying them with scathing comments about his employers. But about half past two, a restless American guest, unable to sleep, comes to chat. She demands a medicine bottle or two, and invites him to join her. After she has left, he continues to indulge, so when, at 4 am, he is due for his visual inspection, he says 'Sod the visual inspection' and remains relaxed behind his desk.

Peter Terson did a stint as a 'night John' when he was preparing this charming single-actor play, and the detail is as convincing as the words are enjoyable. Ray Johnson, with a bow tie and a red turtleneck, plays it in the New Vic's studio theatre, the Stephen Joseph Room. On a stage with a porter's desk at one end and a row of palms upstage, he gives an able performance that goes on non-stop for some hour and a quarter. Alan Williams is the director.

B.A. Young

Radio

Films for Four

SOUNDTRACK IS the BBC's name for what is inaccurately called a series of 'films for radio' (Radio 4, Wednesdays). Try to guess what a film for radio is, and you will probably be wrong. The first one last week ('A Lone Voice') was an illustrated monologue by Glyn Worsnip, a broadcaster for radio and television, who has contrived a 'cerebellum syndrome', an affliction of the cerebellum, the balancing machinery in the inner ear.

This not only leads to irregularities of movement, but to defects in speech, difficulties with close groups of consonants, a sturred delivery - handicaps for radio and television alike. We heard some of these vocal faults in recordings. The only cure suggested was to get a different job. This was not a medical programme.

The next *Soundtrack* was absolutely different, a night at the police headquarters at Longsight in Manchester, a fly-on-the-wall where we overheard the office end of break-ins, gang-fights, motoring offences, a girl in a telephone-box wearing only a T-shirt and socks, and the rest of a Saturday night's affairs. The police sounded patient and polite. Someone labelled a Pakistani family 'such devious people', very racist of him; a constable in a van with some noisy conjuncts twice said, 'Put the cigarette out,' and then, 'You WILL put the cigarette out.' Except that there was no plot, it was all like a television police film.

Next Wednesday we shall hear about a stripper touring 'pubs and clubs of the north-west'. What we really have, it seems, is a series of features no different from Mr Worsnip. I was more delighted by the police evening than I suspect the police were, but this really does look like a series of odds and ends.

Serialitis is spreading to Radio 3. The expedition of the Athenian fleet against Sicily in BC 415 is being presented in six parts, though not weekly parts - the first two came on Wednesday and Thursday. The script comes from Thucydides, a tribute to whom opened the first part. Thucydides

There is less action and more sensitivity than in Radio 3's other serial (*Whose is the Kingdom?*). The quality of Rex Warner's writing and of the reading by Edward de Souza and others is grand, and Donald Bancroft has arranged the text so as to keep a dramatic current flowing. John Theocharis directs, with the usual kind of music that goes with the ancient Greece.

On the previous Sunday, Radio 3 helpfully gave a programme about the circus built by producer of Greek, John Morrison, and a naval architect, John Costes. This was 38 metres long by 5.3 metres broad and was rowed by 170 oarsmen. Like the Greeks of the fifth century, these were all freemen, no slaves or convicts. I like the way the programme was so many socially disturbing experiments on them that Costes uses her own socially disturbing experiment on him, leaving him dead. But the other members of the circle will help...

B.A. Young

Art Galleries

ALAN - HAND EMPLOYMENT SLK PIC TUPPER. Now not only in Chelsea traditional but in the heart of the modern art scene. Impressionism in Grosvenor Gardens. Do call and see them and the incredible detailed hand embroidered pictures each on its own hand carved cherry wood tree standing frame. Lower prices for smaller sizes. Famous UK. Shop 25-28 (Street Street) London W1A 9SL. Mon-Fri 9.30-6.30 Sat 11-6

Table with 3 columns: Advertisement Type, Rate, and Additional Info. Includes rates for Commercial and Industrial Property, Residential Property, Opportunities, Business For Sale/Wanted, Personal, Motor Cars/Travel, and Contracts.

WEEKEND FT

SPORT

Golf/Ben Wright

For Crenshaw, the game's the thing

IT IS very difficult to remain impartial when certain players are winning tournaments and championships, regardless of one's personal relationships with them.

So, when Ben Crenshaw won the Doral Ryder Open in Miami last Sunday, there was genuine rejoicing and a huge television audience, the latter boosted in no small part by the fact that Jack Nicklaus was also in contention going into the final round.

Crenshaw is revered here in America, and perhaps even more so in Great Britain, because he is a notable golf historian with a complete reverence for the game's traditions and integrity.

The tragic aspect of this observation is that "Gentle Ben" sticks out like a sore thumb among a generation of American players to whom golf has become nothing but a very ruthless and lucrative business, and most of whose personalities are about as exciting as cotton wool.

In stark contrast, to Crenshaw the game is still the thing, as the cliché goes. The fact that he won \$180,000 of the \$1m purse was of scant significance to him. The fact that he had played Donald's "Blue Monster" as this magnificent, water-strewn course is known, in a terrific duel that came down to the final putt, was all important to Crenshaw.

He played the course, with its abundance of lakes, in 66 shots with six birdies and no bogeys to edge out two previous dual winners of the event, Mark McCormack and Ray Floyd, as well as Chip Beck, the winner the previous week of the Los Angeles Open. That he had birdied the 16th hole, renowned as the toughest finishing hole on the United States tour, was icing on the cake because he had disastrously booked his drive into the lake the previous evening.



Ben Crenshaw: just happy to play the Blue Monster

Crenshaw's friend and playing partner, Floyd, drove into the right rough at the 18th, could not reach the green in two, and finished with a bogey in fourth place, two strokes behind the winner. Then, Crenshaw could not hear to watch, as first McCormack, and then Beck, had long birdie putts to tie him. Both failed to hole them, thus finishing tied for second place.

One has come to expect respect for tradition from the older generation, players such as Arnold Palmer, Nicklaus, Gary Player, Trevino, and Floyd. But I doubt if I would need the fingers of both hands to count those in Crenshaw's age group - he is 36 - who share his reverence for its rich history. As for the battalions of American youngsters on tour,

well, the fingers of one hand might prove sufficient, although that might be unduly cynical. Certainly most of them are money-mad to the exclusion of all else.

In running down the top ten on the 1987 money list, Curtis Strange, the leader, has chosen not to play in the Open Championship in recent years. Strange is a good family man and a decent human being. But I find myself hoping vainly he will not win tournaments because he puts money above major titles.

In 1985 he won a \$400,000 record \$542,421 and last year another record \$925,941. But, when he hangs up his spikes, I am sure the fact that Curtis has yet to win a major title may return to haunt him, although at 33 time is

still on his side. No professional worth his salt should pass up the chance of winning a major championship, when playing at the height of his powers. Those opportunities do not last forever.

In second place in 1987 came Paul Azinger, who is blameless because, with no previous foreign experience, he had the good sense to play in the Open Championship at Muirfield. He has only himself to blame, as he freely admits, that he failed to win it at the first attempt. But he revealed in both the event and its surroundings.

Crenshaw was third on the 1987 list. But US Open champion, Scott Simpson, fourth, is another who incurs my wrath for having the temerity to say - on winning the premier championship of his

country, if not the world, - that he is only out on tour to make a living for his family, or words to that effect. Can you imagine the tears of joy runner-up Tom Watson, fifth on that money list, would have shed, had he managed to have beaten Simpson at Olympic Club in San Francisco to end a painful three-year winless streak?

Larry Mize, the US Masters champion, and his Augusta victim, Greg Norman, finished sixth and seventh, respectively, in 1987. Mize competes with distinction at Muirfield, but, like the other three 1987 major title winners, he is hardly excited to watch Neat, definitely, but a pale shadow alongside the explosive Australian Norman. Who would you root for?

Tom Kita, eighth in 1987 earnings, will give you a run for your money practically every time he goes up. But a man who turned professional in 1972 and has still won only ten tournaments and no major titles has surely got to be more interested in money than actually winning. Beck (on ninth), a good friend of mine, who has just broken through in Los Angeles after seven agonising second-place finishes in ten years, has the ability to become a super star. But whether or not he has the inclination remains to be seen.

If Beck does not play in the Open Championship this year at Royal Lytham, I shall be bitterly disappointed, but hardly surprised. As for Mark Calcavecchia (tenth), the jury remains out. But this final two is not what you might call earth-shattering in their impact on the public. Pedestrian might be a better word, for all their obvious ability. And this is the top of the list.

There are many youngsters there down who may well imagine that Vardon, Braid and Taylor are prominent New York City lawyers, and Walter Hagen is a brand of Scotch whisky. These are the youngsters who bring their briefcases to the tournament site, while the club shows up with the clubs. I only hope the increasing riches on the European tour do not breed a similarly anonymous generation of journeymen to whom the money, rather than tradition and major titles, becomes all-important.

Money mad. Year average Thai is besotted with baht

SYBARIENS GET a jolly square deal in Bangkok, what with the general air of sensuousness and all that winking and giggling in Patpong.

However, coy souls among you may like to know that one of the Thai capital's most innocent pleasures is procurable at virtually no cost at all - namely, the excursion into the wonderful world of Thai sport that is provided each morning by Bangkok's English-language newspapers.

To dip in and out of the Thai sports pages is to rediscover a lost era of heroes and heroines, of vigour and valour and of bravery under fire. Nastiness and petulance simply do not arise.

What is more, these excursions can be made with a minimum of fuss. For instance, I hadn't realised how besotted with money the Thais are until encountering the last-day coverage of the recent Toyota Masters golf tournament, won by 21-year-old Thavorn Viratchak with a score of 281 at the Royal Thai Army course.

The Nation told us that the Masters was worth 350,000 baht (about \$8,000), and that Thavorn had won 60,000 baht. That was the end of it. Single turning professional last December Thavorn had won a total of 200,000 baht, including 50,000 baht in the Gelant Lanna tournament, 22,000 baht in the 20,000 baht Singha Beer Open, 20,000 baht in the 20,000 baht Rak Khun Than Pak event, 10,000 baht in the 10,000 baht National Open at Klung, and 10,000 baht in the 10,000 baht PTT High-Octane championship, also at the Army course (March 9-12), where the first prize is 100,000 baht.

I was still recovering from its overdose of baht when I was plunged into the "sensational news" that "five yesterday soccer greats" would perform in a five-a-side indoor tournament in Bangkok on April 14, including Kevin Keegan, the "one" fabulous George Best and Pat Jennings.

According to a spokesman for BP Promotions, which is co-organising the tournament, indoor soccer could be due for a big lift-off in Asia, given that there is action all the time.



Thais take wing

including "dribbling, ghosting past players, feigning passes, selling dummies, accuracy in kicks - all are top actions."

But what about the baht, I wondered. I need not have worried. "The winning team," said the Bangkok Post, "will be awarded a first prize of 60,000 baht, the runner-up 30,000 baht, the second runner-up 20,000 baht and the fourth-place getter 10,000 baht. The next three teams will receive 5,000 baht consolation awards, while the best local player will get a prize of 10,000 baht."

A few stories are free of baht. For instance, the Amateur Athletic Association of Thailand, I read successfully, may well feel obliged to drop its women's team from the Seoul Olympics if the three athletes concerned do not make the grade. One is unwell, one is suffering from "heel pain", and the third "may not mature" in time.

In the Post's Sports Star of the Year poll, the current leader is world flyweight champion Sot Chitalada. Five of the top 20 places are at present held by boxer, second sixpenny Thavorn Viratchak. And third is the "beautiful

Michael Thompson-Noel in Bangkok

ful deadeye" - Olympic shooter Thirarun Jinda, hailed as the queen of the South East Asian Games firing range in Jakarta last month.

Soccer is also immensely popular. But what sports readers of Bangkok's English-language papers actually get is an awful lot of golf. Hence the unbearable excitement at the start of the recent \$50,000, three-day Kosoaid Asahi Thailand Open, part of the 1988 "Ladies Asia Golf Circuit."

"Lady pros wing into city next Monday," promised the Post, adding: "The interest this week will captivate those who like their golf faced with more than the usual touch of the exciting, and with so many good lookers around, there will be more than a mere touch of the aesthetic as well."

And wing in they did. On their arrival, the Post explained that "some faces were new, many were old. Some beamed charming bright smiles. Some looked tired and nervous. But Britain's Beverly New was sporting a winning smile, and Australia's Elizabeth Wilson was simply "beautiful."

At the end of the first round, Britain's 22-year-old Suzanne Shackleton - "brilliant as a pro, only a second-place as an amateur" - had nudged into the lead, "magnetising" a two-foot birdie putt at the 11th and finishing with three rousing birdies in a row.

Everyone was having a splendid time. "Even those who finished behind said they loved the course... They also putted praise on the organising committee. Japan's ace Fusako Nagata was struck down with diarrhoea but recovered quickly thanks to the swift medical attention given her."

By the end of the second day things were botting up. Strudwick was still in the lead, on 139, but had been joined by Australia's Karen Lunn, a 22-year-old "with broad shoulders and a face written with grit, guts and determination all over. In that place, I read successfully, may well feel obliged to drop its women's team from the Seoul Olympics if the three athletes concerned do not make the grade. One is unwell, one is suffering from "heel pain", and the third "may not mature" in time.

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FT CROSSWORD No.6,579

Prizes of \$10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 23, marked Crossword 6,579 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4DF. Solution on Saturday March 24.

A crossword puzzle grid with numbers indicating starting positions for words. The grid is 22 squares wide and 22 squares high.

- ACROSS
1 Put name to letters to show the way (8)
2 It's rhyme with cutter? (9)
3 The Christmas spirit is one with few leavings (6)
4 Wickets left by axe (6)
5 Thatcher's stuff about journalists (9)
6 Writer takes one to forest (8)
7 Food supplier sounds more expensive (6)
8 River or island, not... (4,3)
9 ...river and mountain in China, possibly (4,3)
10 Fiddle about to later fluid (8)
11 Drink supplier eats food with prayer (6,3)
12 Smack for discrimination? (6)
13 It's rhyme with cutter? (6)
14 One with some binding isn't bound outside with wire (8)
15 Feed scored by Farmer Giles, a revolutionary (8)
16 Feed up Mr Turner with scent (8)
17 American down by Cooper is sweet (8)
18 Brief record of George's meeting with Richard, consisting of lines etc. (9)
19 English writer from Wales (5)
20 Serving man? Stick around one (7)
21 When a female bird has nothing on? (9)
22 Intermediate position from which to climb over (6)
23 Dweller - if in the White House, headless (8)
24 Axe church work (4)
25 Buck up: get tooth outside dinner now being served? (4,5)
26 O' m-master damaged by whiplash? (9)
27 Attempts, without qualification, appreciative remarks (6)

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Three Scottish boys, Sam Hickman, Craig Smith and Dale Martin in Shadow on the Earth BBC2, Sunday, 10pm



Programme with John Plender and Judith Devlin. 10:00 News. 10:15 News. 10:30 News. 10:45 News. 11:00 News. 11:15 News. 11:30 News. 11:45 News. 12:00 News. 12:15 News. 12:30 News. 12:45 News. 1:00 News. 1:15 News. 1:30 News. 1:45 News. 2:00 News. 2:15 News. 2:30 News. 2:45 News. 3:00 News. 3:15 News. 3:30 News. 3:45 News. 4:00 News. 4:15 News. 4:30 News. 4:45 News. 5:00 News. 5:15 News. 5:30 News. 5:45 News. 6:00 News. 6:15 News. 6:30 News. 6:45 News. 7:00 News. 7:15 News. 7:30 News. 7:45 News. 8:00 News. 8:15 News. 8:30 News. 8:45 News. 9:00 News. 9:15 News. 9:30 News. 9:45 News. 10:00 News. 10:15 News. 10:30 News. 10:45 News. 11:00 News. 11:15 News. 11:30 News. 11:45 News. 12:00 News.

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